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Deputy Foreign Ministers Hold Consultations in Minsk

AU2911162494 Kiev URYADOVYY KURYER in Ukrainian 26 Nov 94 p 1

[UKRINFORM report: "Consultations in Minsk"]

[FBIS Translated Text] On 23 November, in Minsk, consultations were held at the level of deputy foreign ministers of Belarus, Russia, Moldova, and Ukraine.

The participants had an intensive exchange of opinions on the forthcoming CSCE summit in Budapest and discussed problems of European security, peacekeeping activity, and so on.

Within the framework of the consultations, Ukraine's Deputy Foreign Minister Borys Tarasyuk met with Uladzimir Syanko, Belarusian minister of foreign affairs.

They discussed topical issues of bilateral relations and regional security.

Baltic Defense Commanders Agree on More Cooperation

LD2911145794 Tallinn Radio Tallinn Network in Estonian 1400 GMT 29 Nov 94

[FBIS Translated Text] Estonia, Latvia, and Lithuania intend to further military cooperation between them in the near future and do everything to integrate swiftly into European military structures. This was stated by the commanders of the Baltic states' defense forces after their working meeting, which took place yesterday and today in Tallinn. Major General Aleksander Einseln, commander of the Estonian Defense Forces; Lieutenant Colonel Juris Dalbins, commander of the Latvian Armed Forces; and Gen. Jonas Andriskevicius, commander of the Lithuanian Armed Forces, decided to set up a joint working group to coordinate activity within the NATO's Partnership for Peace program in the Baltic states. The working group will be led by Col. Arvo Sirel, chief of staff of the Estonian Defense Forces.

During their working meeting, the Baltic defense commanders acknowledged with satisfaction that despite financial constraints, the formation and training of their joint peacekeeping unit, the Baltic Peacekeeping Battalion, is proceeding without any particular difficulties. Einseln, Dalbins, and Andriskevicius agreed that in the summer of 1995 the Baltic states will participate in NATO naval maneuvers and form a joint naval unit for this purpose.

Defense Ministers To Confer in Moscow

MK2911123094 Moscow NEZAVISIMAYA GAZETA in Russian 29 Nov 94 p 2

[Report by Nikolay Plotnikov under the "In Brief" rubric]

[FBIS Translated Text] Moscow—A meeting of the CIS Defense Ministers Council is scheduled here on 1 December. It has been advised in the CIS Military Cooperation Coordination Staff press center that the heads of the military departments will focus on arrangements for arms and military hardware maintenance, and material and technical support of the peacekeeping operations in the Georgia-Abkhazia conflict zone. Also, it has been planned to discuss the possibility of granting wider powers to the commander of the collective peacekeeping forces in the Republic of Tajikistan, and a program of events marking the 50th anniversary of the Soviet people's victory in the Great Patriotic War. The day before the conference, the staff will hold a scientific-practical conference on collective security problems of the Commonwealth.

ITAR-TASS Carries Press Review for 30 Nov

LD3011091894 Moscow ITAR-TASS in English 0555 GMT 30 Nov 94

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow November 30 (ITAR-TASS)—Today's Russian newspapers concentrate on the situation in Chechnya. They carry the appeal by President Boris Yeltsin of November 29 to participants in the armed conflict, calling on them to cease fire, lay down arms, disband all armed detachments and to release all prisoners of war.

Here are some disquieting headlines: "Alarm Growing" (ROSSIYSKAYA GAZETA), "Children and Women Being Evacuated From Groznyy" (KOMSOMOLSKAYA PRAVDA), "Yeltsin Gives 48 Hours to Participants in Chechen Conflict To Stop Bloodshed" (KRASNAYA ZVEZDA), "Chechnya: War Continues" (PRAVDA), "Kremlin Preparing for State of Emergency in Chechnya. Russia To Start War Against a Part of its Territory First Time Since 1918-22 Civil War" (NEZAVISIMAYA GAZETA).

"Will it be Possible To Stop Bloodshed?" asks the TRUD newspaper, supplementing its report from the Chechen Republic whose President Dzhokhar Dudayev seeks independence from the Russian Federation, with a snapshot of three Russians captured in Groznyy.

The daily learnt from reliable sources at the Russian Interior Ministry that over 120 people, declared mercenaries, were detained in Chechnya. Not all of them are Russians.

There are sharpshooters from the Baltics, tankmen, signallers and grenade-launcher operators from Ukraine, Byelorussia [Belarus] and other countries of the Commonwealth of Independent States. No more than 20 people are from Russia.

The NOVAYA YEZHEDNEVNAYA GAZETA daily features an interview with Chechen President Dudayev.

"Despite everything, Yeltsin remains the most democratic man for us. All these developments come not from him but from the ambitions of his retinue," Dudayev claimed.

ROSSIYSKAYA GAZETA features the article "Epoch of Renaissance Will Come to us" by Russian Vice-Premier Sergey Shakhray. "All Russians and our entire society badly need a new state-wide idea," he writes.

"The matter in question is not another version of a narrow-party doctrine elevated to the level of state will. We badly need another thing: A supra-class philosophy of statehood coming from the depths of historical and cultural memory of Russian people, a philosophy of closely-knit and single community of a multi-national people on Russian soil."

TRUD calls unemployment a new shock for the country, consequences of which become more chilling. A report by the Russian Statistics Committee, just published, does not placate concern: Taking into account people working part-time, the total number of jobless amounted to 9.7 million people by November 1, or 13 per cent of gainfully employed population.

It is supposed that over seven million people (10 per cent) will be totally unemployed by the year end.

At the same time, new high-income people emerge in Russia. "This would not be bad if the gap between them and the poor did not increase. The correlation is one to 13 even now. Therefore, the question about incomes of an average family is very conditional," writes in the RABOCHAYA TRIBUNA newspaper Academician Leonid Abalkin, director of the Economics Institute.

In the opinion of the IZVESTIYA newspaper, social programmes may receive meagre appropriations. Such a conclusion can be drawn as a result of an examination of the bill on the 1995 federal budget.

Member of the Russian parliament upper chamber Petr Romanov deals with economic crime in his article published by PRAVDA. The author claims that its level creates a real threat to national security, and it cannot be removed only by legal and administrative measures.

It is necessary to remove reasons and conditions of social, economic, political and legal nature, he writes.

A report on passions flying high at the Bolshoy theatre deserves attention among articles on cultural topics. According to NEZAVISIMAYA GAZETA and KOMSOMOLSKAYA PRAVDA newspapers, a meeting of the ballet troupe was held there on Tuesday.

Meeting participants discussed, above all, a transition to a contractual system. "We are not ripe for this," claimed ballet master Yuriy Grigorovich. "We cannot switch to it unprotected artists at a time when the country lies in a state of complete destruction," he stressed.

A decision was taken to propose that the Russian Culture Ministry settle urgent issues within seven days. If they are not settled, a warning strike will be announced.

Russia-NATO Partnership Program 'Virtually Ready'

LD3011093494 Moscow ITAR-TASS in English 0812 GMT 30 Nov 94

[By ITAR-TASS correspondent Aleksandr Mineyev]

[FBIS Transcribed Text] Brussels November 30 TASS—A partnership programme between Russia and NATO is virtually ready, and Russian Ambassador to Brussels Vitaliy Churkin and the NATO leadership plan on Wednesday [30 November] to agree it up to the end, ITAR-TASS learnt from diplomatic sources today.

The Russian side conveyed its considerations on the programme to NATO Council members on Tuesday.

The sides discussed its both components: an individual programme for military cooperation in the framework "Partnership for Peace" and a component overstepping this framework which is characteristic only of relations between NATO and Russia and which takes into account its weight as a great nuclear power.

The two components are called the Russia-NATO programme in full.

The second component defines the main areas and methods of mutual information, consultations and cooperation. In other words, this is the very "detailed dialogue" on which Russia insisted before its accession to NATO's "Partnership" programme and consultations under the "16 plus 1" scheme when a Russian delegate will be invited to some meetings of the NATO Council.

The Russian side is especially interested in Partnership cooperation with NATO on such matters as nuclear non-proliferation, nuclear arms destruction, settlement of regional conflicts, peace- keeping operations and the most common issues of European security.

Provisions of the second document of the programme ensue from a protocol adopted by the NATO leadership and Russian Foreign Minister Andrey Kozyrev in June.

The diplomatic sources believe that if the programme is agreed on Wednesday, the sides will have to settle rather difficult technical questions of its "launching".

The programme of events in Brussels for December 2 is very tense, and it is very difficult to find time for an appropriate act which is to be attended by Kozyrev and the NATO leaders.

Lavrov on 'Important' Security Council Statement

LD3011095394 Moscow ITAR-TASS in English 0719 GMT 30 Nov 94

[By ITAR-TASS correspondent Boris Sitnikov]

[FBIS Transcribed Text] United Nations November 30 TASS--Russian Permanent Delegate on the United Nations Sergey Lavrov described the U.N. Security Council statement on Bihac, released on Tuesday evening, as "a very balanced and politically important act".

"The U.N. Security Council has just approved a statement on the situation in Bihac and on the entire territory of Bosnia. It was adopted in connection with the upcoming visit of the U.N. secretary-general to Sarajevo. The council acclaimed his mission and the efforts to stabilise the situation in Bihac and in Bosnia and Herzegovina as a whole. And this is a very balanced and politically important statement, which calls on all the sides to fully demilitarise the Bihac safe area and to withdraw all their armed forces from there," Lavrov told journalists.

He noted that the Security Council statement also stressed "the need to ensure the safety of UNPROFOR [UN Protection Force] servicemen and expresses support to their efforts, especially to the U.N. secretary-general's mission to Sarajevo, where he will hold talks on the Bosnia crisis".

Moscow To Encourage Belgrade's 'Correct Position' on Bosnia

LD2911190094 Moscow INTERFAX in English 1744 GMT 29 Nov 94

[From the "Diplomatic Panorama" feature: reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] Grigoriy Karasin, spokesman of the Russian Foreign Ministry, declared that the international community should encourage Belgrade for its "correct position" in support of the peace plan to settle the situation in Bosnia.

At a briefing on Tuesday in Moscow Karasin underlined that "today there is nothing to punish Belgrade for." "We must help to it and one of the forms of this aid is to remove sanctions," he said.

In Karasin's words, as a result of efforts of Russian Foreign Minister Andrey Kozyrev who had a series of meetings with his Western-European colleagues and Serbian President Slobodan Milosevic "we have achieved certain positive moves to stop hostilities in Bosnia."

"Deployment of "coercive structures" has been stopped. We have an impression that now the majority of politicians understand that it is senseless to hope for force and air raids even if one takes into consideration that they are implemented in accordance with the requests of the UN forces in the former Yugoslavia and resolutions of the UN Security Council," Karasin said.

He recognized that Russia has new proposals to settle the Bosnian crisis. "Nobody goes to the meetings of foreign ministers with empty suitcases," he said.

However, due to "difficulty and delicacy" of the upcoming meeting the diplomat preferred not to reveal "the achieved positive moves."

Foreign Ministry Spokesman on Bosnian Contact Group Meeting

LD2911144194 Moscow ITAR-TASS in English 1405 GMT 29 Nov 94

[By ITAR-TASS diplomatic correspondents Valeriy Sevryukov and Vladimir Suprun]

[FBIS Transcribed Text] Moscow November 29—It is senseless to hope for force and air raids, even if they are done on request of the UNPROFOR [UN Protection Force] or due to resolutions of the United Nations Security Council, in settlement in former Yugoslavia, head of the Russian Foreign Ministry's Information and Press Department Grigoriy Karasin told a briefing here today. A statement to the effect was made in view of a ministerial meeting of the Contact Group for Bosnia to begin on December 2.

In the words of Karasin, success of the meeting and its efficient decisions are not guaranteed, but Russia is ready for conversation and will aim at "primacy of political settlement".

Commenting on the regional situation, Karasin said that European participants in the Contact Group have done much to stop the hostilities. He reminded of the Belgrade stand in support of the peace plan for Bosnia and said that this stand must be encouraged. "There is nothing to punish Belgrade for, it must be helped, and this assistance must be done through sanctions' lift," noted the spokesman.

Kozyrev, Ouellet on Political Settlement in B-H

LD2911122694 Moscow ITAR-TASS World Service in Russian 1120 GMT 29 Nov 94

[By unidentified ITAR-TASS diplomatic correspondent]

[FBIS Translated Text] Moscow, 29 Nov—Russia and Canada favor a political settlement in Bosnia. Andrey Kozyrev, head of Russian diplomacy, and his Canadian colleague Andre Ouellet stated this after talks, which they held today in Moscow.

Both ministers assessed positively the recent statement by U.S. Secretary of State Warren Christopher on the post-war setup in Bosnia, which for the first time would allow a confederative union of Bosnian Serbs with the union [Federal] Republic of Yugoslavia.

I am very glad and hope that the statement by Christopher is a sign that we are finally beginning to work on a political settlement, Kozyrev said. In his opinion, it is a step toward recognizing the right of the Serbs to form a confederation, a right already granted to the Muslims and Croats.

Ouellet noted in his turn that Canada was ready to maintain the presence of its peace-keeping contingent in the region on the condition that the conflicting sides moved toward accord. He said that members of the contact group needed to improve the latest peace plan to ensure that it was acceptable to all sides, in particular to the Serbs. For this it should contain "certain stimuli." It is important to find new elements in order to move forward in settling the situation, the Canadian minister pointed out. A military solution to the problem is impermissible. Everything possible must be done to reach peace in Bosnia.

Zotov: Contact Group Plans No Changes in Bosnia Policy

LD2911201694 Moscow ITAR-TASS in English 2008 GMT 29 Nov 94

[By ITAR-TASS correspondent Andrey Naryshkin]

[FBIS Transcribed Text] Zagreb November 29 TASS—The international Contact Group does not plan to change its stand on Bosnian settlement, special representative of the Russian president Aleksandr Zotov told ITAR-TASS.

"There is the plan of the Contact Group that aims to settle situation in Bosnia and Herzegovina, and achieve normalization throughout former Yugoslavia. That is what we are concentrating on. Our task is to make convincing preparations to enable the Contact Group announce its intentions at the ministerial meeting in Brussels. These intentions include progress from uncontrollable situation with violence outbursts towards stabilization via cease- fire (and termination of hostilities) and negotiations. Everything should happen simultaneously," said the diplomat upon his arrival in Zagreb from Sarajevo.

Zotov hopes for "success of the Brussels meeting" at the level of foreign ministers from states-members of the international Contact Group to be held on Friday [2 December].

Asked whether Russia offers a solution to the Bihac problem within the framework of the Contact Group, Zotov said "we are discussing this problem but do not want to concentrate on local situation, since the Contact Group should tackle broader issues. Bihac is a pitiful example of possible consequences of combat operations held by the sides".

The presidential representative described the Bosnian situation as "absolutely abnormal" and said that the Contact Group called on the parties to the conflict today in Sarajevo to conclude a cease- fire agreement and start serious negotiations. "There is no way to settle the problem on combat grounds, it must be reached at negotiations," stressed Zotov.

Abkhaz Declaration of Sovereignty Has 'No Legal Force'

LD2811175394 Moscow INTERFAX in English 1601 GMT 28 Nov 94

[By diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] Moscow will continue to duly respect Georgia's territorial integrity, a senior member of Russia's Foreign Ministry told Interfax on Monday [28 November] in comments on the constitution adopted by Abkhazia's parliament on Saturday. The new constitution proclaims Abkhazia "a sovereign state ruled by law."

The Russian diplomat qualified the step taken by Abkhazia's parliament as "one-sided and having no legal force." "The status of independent state is determined by the will of the people, not by the declaration of a few dozen MPs. An issue of such scope and significance must be decided by a national referendum," he pointed out.

According to the Foreign Ministry official, "any statements by the parliamentarians proclaiming Abkhazia a sovereign state will remain just a waste of breath till the U.N. recognizes the new status of their republic." "As for the world community's documents, they confirm Georgia's territorial integrity," he stressed.

Moscow, the diplomat said, intends to "carefully peruse" the constitution adopted by Abkhazia's parliament with a view to evaluating the document in legal terms officially.

However it is already clear that the parliament's decision does nothing to promote and step up the normal course of the talks on settling the conflict between Georgia and Abkhazia, or bring Abkhazia nearer to the acquisition of the status of internationally recognized sovereign state," the Russian diplomat said.

The Georgian leader Eduard Shevardnadze qualified the proclamation of Abkhazia as a sovereign state by the Abkhaz parliament as "an attempt of separatists to form an independent state." This is announced in a statement released by his press service in Tbilisi Sunday evening.

"Georgia will not conduct talks with the Abkhazian side as with the representatives of an independent state," Shevardnadze said in his statement.

The statement points out: Georgia is confident that the UN Security Council, the CSCE, the heads of CIS states and above all the Russian Federation will promptly react to the new "irresponsible and provocative step taken by separatists and take effective measures, up to sanctions envisaged by the UN Charter, to constrain the rabid separatists."

Abkhaz' Statement on Sovereignty Declaration Opposed

LD2911161794 Moscow ITAR-TASS World Service in Russian 1551 GMT 29 Nov 94

[FBIS Translated Text] Moscow, 29 Nov—"The government of the Russian Federation confirms its adherence to the territorial integrity of the Republic of Georgia and to defend the interests of the multiethnic people of Abkhazia, to the guarantee of that people's legal and political status within the framework of the negotiations on reaching a full-scale settlement," says a Russian Government statement that ITAR-TASS received today.

The statement has been issued in connection with the Supreme Soviet of Abkhazia's adoption of a new constitution, in accordance with which Abkhazia is proclaimed a sovereign republic with a presidential form of rule. "This sudden, unilateral act contradicts the obligations assumed by the Abkhaz side toward reaching a peaceful settlement of the Georgian-Abkhaz conflict and the efforts that have been undertaken and are still being undertaken within the context of the peace-making process by Russia, the CIS, United Nations, and the CSCE," the statement points out.

Viktorov on 'Full Moral Right' To Lift Sanctions on FRY

LD2911154294 Moscow ITAR-TASS in English 1448 GMT 29 Nov 94

[FBIS Transcribed Text] Moscow, November 29, RIA—Russia now has full moral right to lift economic sanctions imposed against Belgrade, Valeriy Viktorov, deputy chairman of the Federation Council told RIA Novosti. Such situation was formed after the U.S. declared its intention to lift supervision over the compliance with embargo on arms deliveries to Bosnian Moslems, said Mr Viktorov.

He also said that the Belgrade leaders hold a rather constructive position on the Bosnian problem and that "they deserve encouragement." Russia, believes the MP, may and should demand from the world community to ease the economic sanctions against Yugoslavia. In these conditions, added he, "under no circumstances should one let oneself be lead by the U.S. and some other countries and find oneself involved in combat action, thus giving way to a full-scale involvement of NATO troops in the conflict."

Spokesman Says 'Comprehensive' Ties With Albania Planned

LD2911160894 Moscow ITAR-TASS in English 1558 GMT 29 Nov 94

[By ITAR-TASS diplomatic correspondents Valeriy Sevryukov and Vladimir Suprun]

[FBIS Transcribed Text] Moscow November 29—Moscow understands perfectly well how to develop its relations with Albania, head of the Russian Foreign Ministry's Information and Press Department Grigoriy Karasin told ITAR-TASS here today on the occasion of the Albanian independence day and the liberation day 1944.

"We are planning to develop comprehensive bilateral relations not to the prejudice of third states," said Karasin. He admitted that bilateral official contacts must be more regular. "We will do this in the near future," noted Karasin.

Foreign Ministry: No Contacts With Indonesian Separatists

LD2911202794 Moscow ITAR-TASS World Service in Russian 1258 GMT 29 Nov 94

[By ITAR-TASS diplomatic correspondents Valeriy Sevryukov and Vladimir Suprun]

[FBIS Translated Text] Moscow, 29 Nov—Russian official institutions have not been maintaining contacts with Indonesian separatists of the so-called "Republic of the Moluccas."

This statement was made at a briefing today by Grigoriy Karasin, director of the Russian Foreign Ministry's Department of Information and Press.

Of late, he pointed out, note has been made of the activity of emissaries of this organization coming to Russia on tourist visas who try to get in contact with representatives of various Russian institutions and have even announced the appointment of a Russian citizen as their "general ambassador" in Moscow.

The Russian Foreign Ministry considers it necessary to state, G. Karasin stressed, that Russia has not recognized and does not recognize the said self-proclaimed associaton of persons who have long been located outside the boundaries of sovereign Indonesia.

Summation of Results of Soskovets' Tokyo Visit

MM2911145594 Moscow IZVESTIYA in Russian 29 Nov 94 p 3

[Article by Sergey Agafonov: "The Visit Is Underway. What More Can We Hope To Get from It?"]

[FBIS Translated Text] Tokyo—The special-purpose Russian plane landed at Tokyo's Haneda airport Sunday [27 November] morning, and the official visit to Japan by a very large Russian Government delegation headed by First Vice Premier Oleg Soskovets began.

As is customary in the descriptions of visits like this, the day turned out unusually and even stunningly cloudless, giving the visitors and their hosts a sense of deep satisfaction. This feeling of well-being unfortunately did not develop into anything more substantial—subsequent events on the program were stunningly modest in terms of results and the stock phrase that the visit by an eminent delegation opens a new chapter (page, paragraph, line, or letter) in bilateral relations did not crop up in any of the speeches or toasts even involuntarily.

In my view that is unfair—in fact this visit has already produced a lot. First of all, three documents were signed after the two hours of intense talks, which were the reason why Soskovets flew to Japan accompanied by an army of officials. In the diplomatic ranking of official documents, admittedly, these agreements were hardly higher in caliber than the transcript of a conversation but let us not quibble at that—accords have been reached on the creation of a bilateral intergovernmental commission on trade and economic questions, on the continuation of Japanese advice for the Russian reforms, and on Japanese assistance to Russia in joining GATT and its successor, the World Trade Organization.

The first memorandum in the list is especially valuable—for Japan the creation of an intergovernmental commission on trade and economic questions with a single country is a completely new departure (they have managed to do without such a structure even in the keen dialog with the Americans), but for Russia there are two advantages. First, this is a new platform for talks and discussions on the important problems of the benefit of economic ties, which holds out the prospect of new and frequent visits to Japan for those in the know. Second, this gives the first vice premier another leading position in an interesting sector to add to his existing dozen. Incidentally, in addition to questions of nonpayments and all the day-to-day issues in the Russian economy, Oleg Soskovets already heads a similar committee which specializes in talks on the benefit of economic ties with France, so he already has the relevant experience and now only has to find the time for work with the Japanese too.

I should like to especially emphasize the significance of the third memorandum—on helping Russia to join GATT and the World Trade Organization. Only the stark absence of other documents worthy of the vice premier's signature can explain the appearance of this miracle of protocol although, on the other hand, the miracle itself is evidence that there are no hopeless situations—if there is nothing to sign during the next visit the sides can always draft a memorandum on Japanese support for Russia's admission to something else.

In addition to those important papers, the two countries' envoys had already exchanged a note on the rescheduling of Russia's debt to Japan for this year totalling $280 million. It has come to light that the Japanese twisted their G-7 colleagues' arms to secure this rescheduling back in October, so that Soskovets is only indirectly associated with the decision adopted in Tokyo. Even so, the note which has been signed counts as a result of this visit because the very next day the head of the Russian delegation cited this positive experience when he asked the Japanese side to give some advance thought to rescheduling next year's debt repayments.

This pragmatic view of the future undoubtedly had a great effect on the Japanese, with the result that the Russian delegation was told at official level that the outstanding debt—now amounting to $5 billion—is of the greatest interest to Japanese business in Russia.

There were many interesting and useful meetings at various levels outside the framework of the documents which were signed. For example, during the talks with Japan's Foreign Minister and Vice Premier Kono, Soskovets complained about the apathy of Japanese business circles in the Russian market and called for investments and the scaling of new heights in trade and economic relations. In reply the guest was advised to settle the territorial question, create a favorable climate for investments, improve Russian legislation and the tax system, and not despair about Japanese apathy, which will evaporate when everything else has been settled. Even the seemingly surefire idea of signing a bilateral agreement on the protection of investments met with a negative Japanese response. Soskovets was told that the investment protection agreement does not mean the arrival of investments and that to generate documentation at this stage does not seem very advisable.

At Soskovets' meeting with Japanese Prime Minister Murayama, which was confined to half an hour, the Russian delegation head handed to the Japanese premier letters from Yeltsin and Chernomyrdin: The texts were identical and contained an invitation to visit Russia. The Japanese premier accepted the invitation and noted that his visit should produce tangible improvements in political and economic matters. In other words, if there is a shift on the territorial issue everything else will follow accordingly.

It remains to be noted that the Russian delegation's attempts to secure an increase in the credit line from the Japanese export-import bank did not end in success—since Tokyo had promised the G-7 that it would give $400 million it stuck to its guns. However, there is one problem where the Japanese are prepared to make concessions—the problem of redirecting $500 million promised long ago for humanitarian purposes. Moscow asked to be allowed to use part of this money for investment in social projects. Tokyo does not object in principle but the discussion on this issue will only begin when the $400 million from the export-import bank have been successfully taken up.

Moscow To Consider Japan's Conditions for Lukoil Deal

LD3011095294 Moscow ITAR-TASS World Service in Russian 0637 GMT 30 Nov 94

[FBIS Translated Text] Osaka, 30 Nov (ITAR-TASS)—A Russian-Japanese inter-governmental commission on trade and economic cooperation, which was set up recently, will undoubtedly focus its attention on a $700 million loan, which Japan's "Mitsui Bussan" has promised to the Russian concern "LUKoil" to finance the purchasing of oil equipment, and which is to be guaranteed by the Japanese Government, Russia's First Deputy Prime Minister Oleg Soskovets said today in an exclusive interview with ITAR-TASS.

He said that though this major contract was to be concluded for the first time between the private companies, the Japanese side was trying to get certain guarantees from the Russian Government, and the Russian side was going to discuss this problem.

He also said that the Japanese Government has already instructed its Ministry for Foreign Trade and Industry to draw up government guarantees. Soskovets said he was sure that such foreign trade guarantees will be received.

ITAR-TASS has learned from sources at the Japanese Ministry for Foreign Trade and Industry that the Japanese side conditioned the $700 million loan to "LUKoil." For example, the Russian Government should acknowledge the possibility of the money being kept in a bank of some third country and also guarantee the continuity of oil exports as envisaged by the draft.

Japan's Murata Discusses Defense, Other Ties

MM2911151994 Moscow KRASNAYA ZVEZDA in Russian 29 Nov 94 p 3

[Exclusive interview with Naoaki Murata, director general of the defense policy department at the Japan Defense Agency, by Aleksandr Golts; place and date not given: "Moving Step by Step Along the Path of Cooperation"—first two paragraphs are introduction]

[FBIS Translated Text] Naoaki Murata, director general of the Japan Defense Agency defense policy department, has visited Moscow recently. He took part in a tripartite (Russia, United States, Japan) forum on problems of the Asia-Pacific region, and had a meeting with Colonel General Vladimir Zhurbenko, first deputy chief of the Russian Armed Forces General Staff, who, as ITAR-TASS reported, noted after the talks had ended that although a difference of opinion remains on settling the problem of security in the Asia-Pacific Region, the talks are making it possible to find points of contact.

Mr. Murata is the most high-ranking of all the representatives of the Japanese military department who have visited our capital. The only Russian newspaper which he agreed to give an interview to was KRASNAYA ZVEZDA.

[Golts] Mr. Murata, the Japanese press is viewing your visit to Russia as testimony of the fact that the Japan Defense Agency intends to expand relations with the Russian Ministry of Defense. In this connection there is talk of a possible exchange of visits by the leaders of the defense departments. Do these reports correspond to reality?

[Murata] First of all, I would like to say that Japan deems stabilization and an improvement in the situation in the

Asia-Pacific Region to be extremely important. In the context of ensuring security in the Asia-Pacific Region, as far as Russia is concerned, we view this neighboring country, which possesses enormous military might, as a great power. And we consider it necessary to develop contacts in order to strengthen mutual trust and thus strengthen security in the Asia-Pacific Region. As for the ties which already exist between us, then an exchange of information is going on between scientific research institutes of the Japan Defense Agency and of the Russian Ministry of Defense. Apart from that, during the Russian president's visit to our country, an agreement was signed on ensuring the safety of navigation. Representatives of the two countries' defense departments are participating in regular consultations between the foreign ministries.

My visit and participation in the tripartite forum also testify to a desire to expand these contacts. But I have to say that there is a serious unresolved territorial issue in our countries' relations. The Japanese Government believes that it should be settled as part of a whole, by harmonizing our relations in all spheres. The Japan Defense Agency is also taking this into consideration in its contacts with the Russian side.

As we gradually move forward, the level of our contacts will also be raised. Ultimately, we should have an exchange of visits by the heads of the defense departments. Our agency is displaying great interest in this. In a recent conversation with the Russian ambassador in Tokyo, the head of the Japan Defense Agency stated that he would like to visit Russia at a suitable time.

[Golts] How does the Japan Defense Agency generally assess the prospects of the development of the strategic situation in the Asia-Pacific Region, where on the one hand the dynamic processes of economic and political integration are continuing, but on the other hand new threats to security are appearing? How does the Japan Defense Agency plan to react to these new threats?

[Murata] First of all, I would like to say that both in terms of their geographic position and in their history, the Asia-Pacific Region countries differ more among each other than European countries do. And this makes settling security problems a very specific task. The Asia-Pacific Region is experiencing the consequences of the Cold War to a far greater extent than Europe. Suffice it to mention the very complex problem of the Korean peninsula. The troops of the North and South, which number 1.5 million servicemen in all, are continuing to oppose each other just like they did before. Serious problems have recently arisen in connection with the DPRK's nuclear and missile programs. In this connection, the Japanese Government supports the agreement between the United States and North Korea. At the same time, we deem it vital to carefully ensure that this agreement is carried out, and does not remain just a scrap of paper. By and large, the problem of the proliferation of nuclear weapons, a problem which goes beyond the framework of regional policy, is a source of great concern to us.

I must also mention China. In the economic respect, this country is pursuing an "open door" policy. However, this country's military budget is growing. While the question of a universal ban on nuclear testing is on the agenda, the PRC is conducting tests. Of course China has its reasons for this, but we acknowledge all of these cases with regret. Economic growth in ASEAN countries has led to a situation where they are seeking to modernize their armed forces. We would not like this to lead to destabilization in the situation in Southeast Asia. I must also mention that very powerful armed forces remain in the Russian Far East, although they are being reduced at the present time.

As for the economic integration of the Asia-Pacific Region states, then from the point of view of strengthening security, this is undoubtedly a positive process. A forum has now come into being in the region, at which the leaders of many states in the region have been given the opportunity to exchange opinions on a broad range of problems. We believe that dialogue on defense questions, problems of the nonproliferation of nuclear weapons, and confidence-building measures will be possible in the future. In this connection, we consider cooperation between the United States, China, Japan, South Korea, and the ASEAN countries to be very important. This cooperation should lead to the strengthening of confidence-building measures and the provision of the "transparency" of armed forces and military activity. Here we expect a great deal from Russia. At the same time, Japan's defense policy is determined by a desire to improve the "Self-Defense Forces" and strengthen "dialogue on security" with the United States.

[Golts] At the moment Russia is not being particularly successful in integrating itself in the economic system of the Asia-Pacific Region. A lot of people believe that this process of integration would proceed more successfully if Russia, together with other states, were to participate actively in the creation of a security system in Asia. What do you think about this?

[Murata] As I have already said, dialogue on security problems in Asia is only just beginning. It is hard to instruct the Asia-Pacific Region states to discuss the idea of collective security all at once. We must develop all our efforts very gradually. Of course, the most favorable pictures of our future cooperation in the sphere of security may be painted, but we consider it to be more realistic to gradually accumulate positive experience and, taking this experience into account, to carry on advancing step by step.

Chinese Delegation Satisfied as Visit Ends

LD2911115894 Moscow ITAR-TASS in English 1137 GMT 29 Nov 94

[By unidentified ITAR-TASS correspondent]

[FBIS Transcribed Text] Khabarovsk November 29 TASS—"We have fully coped with all our tasks. Our contacts with members of the Russian State Duma and the Council of the Federation, as well as our acquaintance with the work of the parliamentary committees and our exchanges of experience and information have deepened mutual understanding and elevated Russo-Chinese parliamentary cooperation to a new stage," Chairman of the Standing Committee of the Congress of People's Representatives of Heilongjiang Province Sun Weiben told ITAR-TASS, summing up the results of the 9-day stay of the Chinese parliamentary delegation in Moscow, St. Petersburg, and Khabarovsk. The delegation of the All-China Congress of People's Representatives, led by Sun Weiben, visited Russia at the invitation of Duma Speaker Ivan Rybkin.

In Khabarovsk territory the Chinese MPs acquainted themselves with the work of the territorial Duma, told the Russian side about the work of standing committees of the provincial Congresses of People's Representatives in China, met leaders of the territorial administration, visited local enterprises, including some joint Russo-Chinese ventures.

The guests saw how fruitful bilateral economic cooperation was for both countries. Today, there are more than 200 enterprises with a mixed Russo-Chinese capital in Khabarovsk territory. China's share in the territory's export-import trade tops 25 per cent.

The Chinese parliamentary delegation is to leave Khabarovsk for home today.

PRC Lawmakers Hail Results

OW3011042794 Moscow Voice of Russia World Service in Mandarin 1300 GMT 29 Nov 94

[FBIS Translated Text] Chinese National People's Congress deputies expressed satisfaction with the results of their visit to Russia. Sun Weiben, head of the delegation, said: We have successfully completed our tasks. During our nine-day visit, we established contacts with deputies from both chambers of the Russian Parliament. The head of the Chinese delegation pointed out that this would raise cooperation between the two countries' lawmakers to a new level.

Yeltsin, Others Seen Entering Election Fray

MM2911131594 Moscow IZVESTIYA in Russian 26 Nov 94 p 4

["Express Analysis of the Week" by the IZVESTIYA Analysis Center: "The President Has Not Been Left Behind"]

[FBIS Translated Text] This week Russians had the chance to play the well-known game of "I'm the king of the castle, you're the dirty rascal...." The initially chaotic reshuffle of key figures in the government gave way to a slick "talking heads" show, asking potential voters to decide who is to be king of the castle right now and who is not.

The election suitcases are either being or have already been packed. Mr Zhirinovskiy has been packed and ready for some time now and has been working hard to strengthen the Liberal Democratic Party of Russia's regional organizations (with cries of "Come on, Kuban!"—and it seems to have worked). Mr Shakhray has made a clear move toward his election baggage, intimidating the country with the threat of reintegration. Gaydar also considerably soured the mood of a section of the deputies when he made a statement about the need for early State Duma elections in the very near future. Comrades Romanov and Zyuganov went on counting and recounting the lists of signatures for an early presidential election. Then all the well-known faces came out into the open—G. Burbulis, the "president-maker," who did the rounds showing his face on television, and General Sterligov, who reassured us by saying: "There will be no civil war. There will be a national liberation war." The election train has started to roll.

Until the very last moment there was clearly one figure missing from this train. By the end of the week this deficiency was finally removed and it may now be said that our executive has begun to sense that there are "elections in the air."

Election preparations are a laborious business. You have to clarify the rules of play in the election districts (to your own advantage, of course). You have to arm yourself with the necessary instruments for influencing the voters. You have to "dust off" your ideological attire. Close ranks. And provide yourself with "standby airfields" in case of emergency. The executive launched a vigorous campaign this week in all the aforementioned areas.

THE RULES OF PLAY

Clearly, the most important factor influencing the result of elections is the means of holding elections (the CPSU's experience is an example of that—the result of elections was known long before they began). Probably that is why one of the first actions in the ruling party's election campaign was to try to push through the Duma the draft laws "On the Election of Russian Federation State Duma Deputies" and "On a Russian Federation Referendum," with which the president tried to amend the established rules accordingly, specifically by increasing the number of single-seat districts from 225 to 300 and reducing the quotas of deputies elected from the party lists from 225 to 150 (entirely in the spirit of A.I. Solzhenitsyn's recommendations). The deputies elegantly parried this attack by adopting the draft laws but with amendments. Most probably the battle in this sector will go on until a victorious conclusion. Until the dissolution of the State Duma, perhaps?

INSTRUMENTS

Television is the most powerful weapon in an election struggle. It is in that vein that we should regard the promise to merge the two state TV companies

(Ostankino and RTV). As has become known, this idea was launched courtesy of the premier himself, who personally presented the relevant draft to the president for his signature. Meanwhile, this amalgamated TV monster was supposed to be headed by someone close to Chernomyrdin. Let us recall that this is the premier's second attempt to get his hands on the small screen—he made his first attempt a year ago (also before elections, by the way), when he tried to place "RTV-parliament," the TV company which had been wrested from Khasbulatov's grasp, at the government's disposal. Just as in 1993, the matter ended in confusion—the president decided not to place this important position at the premier's disposal.

IDEOLOGY

Evidently the "ruling party" has realized the need to change its jargon. The electorate really has grown tired of such cliches as "the market," "democracy," and so forth. New rhetorical devices have to be introduced. The president went to border with Estonia to try out the first of them. There he used the long-forgotten expression about not surrendering a pood of Russian soil. The "pood" was transformed into the centimeter—without, however, dispelling the analogy with Aleksandr Nevskiy. To complete the association with the past he should have added: "We do not want a pood of anyone else's soil...."

COHESION OF RANKS

A party is strong only when it is monolithic. But if it is infected with the virus of factionalism, decisive treatment is needed.

The present executive is no exception in terms of either the symptoms of the disease or the desire to be cured. A characteristic example is provided by an article in ROSSIYSKAYA GAZETA on 19 November, which openly posed the question of disloyalty by a junior partner (the Moscow authorities) toward a senior partner (the federal authorities) and issued stern warnings about the impermissibility of separate actions.

The conclusion may be drawn that the "ruling party, " which has so far tolerated a certain willfulness in its "regional branches," henceforth wants to consolidate.

A STANDBY FIELD

The strategist who on the eve of a major battle has not equipped his positions properly is a bad strategist. The manifestation of that in our case is when certain groupings of the "ruling party" begin preparing for the election battles by starting to create subordinate political structures at federal level in whose organization they have undoubtedly taken account of the latest experience of the activity of the corresponding regional associations (the Krasnodar "Kuban," the Samara "Association in Support of the Reforms" and so forth).

For example, last week it came to light that in December there is going to be a constituent congress of a party theoretically known as "New Regional Policy," created on the basis of the faction of the same name and consisting primarily of deputies representing the fuel and energy complex.

A similar structure, known as the "Party of the Majority" (nurtured for a year now by Moscow financiers close to the capital's leadership) is now merging with the remnants of A. Volskiy's structures into a single electoral bloc known as "Russian Civic Union-Third Force. The name itself and the bloc's first statements reveal the familiar ideas of a centrism understood as an equidistance from both the "authorities" and the "opposition" to those authorities. However, it is highly characteristic that in addition to the pro-president Independent Miners' Union, the Aircrew Association, and a number of minute parties and organizations which have declared their intention to join the bloc there is also the so-called Patriotic Party—V. Shchegortsov, former chief of the section for work with parties and public movements in the Presidential Staff, signs himself as the party's leader.

The situation is quite obvious: A senior official with as yet not entirely defined functions has been installed to influence the structure.

This bloc, even if it considerably expands and grows, is hardly going to be used to nominate the main contender from the "ruling party" (Yeltsin or Chernomyrdin) for the presidency.

But let us suppose that the electoral situation in 1996 develops unfavorably for the state's top officials—then the entire clan of the powers that be will have to gamble on another (as yet unknown) figure, preferably one who, formally, is dissociated from the power structures. In that event the Russian Civic Union could well be used as the runway from which the election campaign of General X or Governor Y takes off.

What is the purpose of this patent political activity by the federal executive in what is obviously the run-up to elections? This question is hard to answer with any degree of certainty at the moment. Primarily because the president's position is unclear. His pre-election tactics are only just emerging (the "old-new" methods of public policy, ideological postulates, and slogans are clearly being tested out for effectiveness). The president's energy, initiative, and dynamism and his daily schedule crammed with public events and meetings call to mind the now-fading memories of the Yeltsin of 1991, who was bound to win given that the Union authoriites of the time had disintegrated. Will Yeltsin the Politician get his full "second breath," or is this a burst of short-term, specific activity that will soon give way to a new and prolonged bout of passivity?

The question cannot be considered purely rhetorical. All the political forces which have entered themselves for the political marathon are interested in the earliest possible answer: No one wants a false start.

Political Declaration To Be Major CSCE Summit Document

LD2911192794 Moscow ITAR-TASS in English 1820 GMT 29 Nov 94

[By ITAR-TASS correspondent Sergey Zhirnikhin]

[FBIS Transcribed Text] Budapest November 29 TASS—A political declaration will be the major document of the CSCE summit in Budapest, head of the Russian delegation to the current CSCE preparatory conference and director of the Russian Foreign Ministry's department for European cooperation Yuriy Ushakov told an exclusive ITAR-TASS interview today.

It will be a brief document clear for both specialists and average people to estimate the current European situation and outline tasks CSCE is facing, he said. Proposals of the Russian delegation to raise CSCE efficiency and make CSCE a fully-fledged regional organization with a juridical basis and rules are being discussed at the CSCE conference.

The conference has approved of the Russian thesis saying CSCE will continue to play a central role in provision of European security and stability. This statement has been included in the draft political declaration of the Budapest summit. The Russian delegation hopes that these paragraphs of the major document will remain as they are.

Russia has also suggested to discuss a comprehensive security model for Europe of the 21st century, stressed the Russian representative. Russia thinks that this model should be elaborated within CSCE framework with participation of all the interested sides—Russia, the United States, Canada, Western and Eastern Europe and the Commonwealth states. This model should correspond to the new times without influence spheres, new barriers and division lines on the continent.

It has become clear that "blocs, including NATO, are no longer efficient". This idea has been supported by the conference participants and included in the draft political declaration, said Ushakov.

Some of the preparations have been completed. The conference has analyzed CSCE activities since the time of Helsinki-2. Now it is elaborating documents for the summit. Not a single document has been finalized, noted the Russian representative.

Chinese Official on Quality of Russian Goods

LD2811134294 Moscow ITAR-TASS World Service in Russian 0636 GMT 28 Nov 94

[By ITAR-TASS correspondent Grigoriy Arslanov]

[FBIS Translated Text] Beijing, 28 November —The Chinese authorities are planning to step up checks on the quality of Russian goods coming onto the country's market through cross-border trade.

"The expansion of cross-border trade is creating niches for companies and individual traders who set up illegally to market their inferior goods, which goes against the interests of consumers", (?Qiao Zhi), a spokeswoman for the Chinese state administration for auditing export and imported goods said. She also called for all Chinese commercial companies to carry out rigorous testing of goods coming from the "former USSR"—metals, equipment, chemical fertilizers, timber, and motor vehicles. She said the facts showed the need for such checking. Inspectors in the Chinese province of Heilongjiang, bordering on the far-eastern districts and regions of the Russian Federation, have found that 5.9 percent of goods which came in from Russia last year, including steel, were not up to standard, although they bore official quality certificates.

Furthermore, it is clear from (?Zhi's) remarks that some Russian exporters engage in direct deceit, citing one figure in documents about the quantity of goods, but delivering significantly fewer goods abroad. For example, in one case, instead of 90,000 tonnes of steel, 1,000 tonnes less was delivered. The same thing happens with chemical fertilizers, with the weight of one package sometimes 10 kilograms less than the figure indicated in the specifications. (?Qiao Zhi) claims that in a number of cases, instead of new motor vehicles, Russian firms have supplied the Chinese with used vehicles, without tools, and even with faulty engines.

At the same time, in an interview for 'BUSINESS WEEKLY' newspaper, the representative of the Chinese Administration admitted that there were also "serious quality problems" with Chinese goods supplied to consumers across the border. There was one reservation. In her words, the bulk of poor quality goods are supplied by individual traders on both sides of the border, while good-quality goods are supplied through official channels.

"Cross-border trade between China and Russia has good prospects," (?Qiao Zhi) said optimistically. She based her forecast on the fact that the two countries' economies supplement one another—China supplies products of labor intensive sectors of industry; ready-made garments, textiles, food and domestic appliances, while Russia supplies China with products of heavy industry and raw materials.

The present situation with cross-border trade, accompanied by the reduction in the scope of construction in China and the economic mess in Russia, is causing a drop in trade across the Russian-Chinese border. For the first half of this year, for example, the total volume of cross-border trade between the two countries was 2.2 billion dollars—39 percent down on last year's level. At the same time, Chinese exports dropped 48 percent to 700 million dollars, while Russian exports to the PRC fell by 34 percent to 1.5 billion dollars.

Fuel Deliveries Resume at 'Vostok' Antarctic Station

MM2911125494 Moscow KOMSOMOLSKAYA PRAVDA in Russian 26 Nov 94 p 2

["Own Information" report: "'Vostok' Is a Delicate Matter. And a Very Cold One"]

[FBIS Translated Text] The demothballing of the Russian Antarctic station "Vostok," situated in a relatively inaccessible polar area, has begun. As we were told by the Russian Federal Service for Hydrometeorology and Environmental Monitoring, a Russian track-sled train [sannogusenichnyy poyezd], delivering 100 tonnes of fuel, arrived at the station on Tuesday [29 November]. It was the lack of solar oil for the "Vostok" diesel engines that was the reason for its mothballing in February this year.

Time will soon tell how the internal workings of "Vostok" have suffered from the 70-degree frosts and whether it will prove possible to resume work in drilling the unique well.

Ukraine To Accept 'Zero Option' To Settle Financial Issue

LD2911175794 Moscow INTERFAX in English 1601 GMT 29 Nov 94

[FBIS Transcribed Text] Ukrainian Prime Minister Vitaliy Masol stated that Ukraine is ready to accept the so-called 'zero option' for settling the problem of the former Soviet Union's assets and liabilities.

He told Interfax, after talks with Russian Prime Minister Viktor Chernomyrdin in Moscow on Monday [28 November], that just a few minor issues remain to be coordinated.

The 'zero option' implies Kiev's pledge to withdraw its claims from the former Soviet Union's assets in return for Russia servicing the Ukrainian part of the former Soviet Union's foreign debt.

To quote Masol, a protocol on the schedule for discussion and conclusion of the key bilateral documents has been signed in Moscow. These documents deal with the timetable for the repayment of the Ukrainian energy, fuel and commodity supply debt to Russia—climbing to $635 million in 1994 the restructuring of Kiev's debts to Moscow, and the problems of the Black Sea Fleet.

Earlier, a source in the Russian delegation told Interfax that the Ukrainian and Russian premiers had instructed the leaders of the state delegations to sum up the results of the talks and consultations on all of the above-mentioned issues, and present a report on draft decisions by December 20.

This source also said that judging from this schedule, President Yeltsin's official visit to Kiev, during which a comprehensive bilateral treaty is expected to be signed and cardinal agreements on key bilateral relation problems concluded, is unlikely to take place this year. It is likely to be put off until the beginning of the next year, he said.

Masol also told Interfax that the date of President Yeltsin's visit to Kiev had not been discussed during the talks. It will be fixed after the sides have drafted bilateral agreements and a large-scale political treaty, he said.

Russia's Vice Premier Alexey Bolshakov, who took part in the talks, said that a contract had been prepared on further gas supplies to Ukraine in December 1994. He also said that an agreement was being drafted on gas supplies in 1995.

The protocol on gas supplies for December 1994 is likely to be signed on Tuesday, he added.

Bolshakov also said that Ukraine as of late has been making regular payments for gas, in accordance with the protocol, although Kiev's debt is still large.

"Russia cannot supply gas to Ukraine for free. I'm convinced, however, that a specific form of payments will be found," he said.

"Russia and Ukraine must belong to a single economic system" said Masol.

Alleged Supply of Ex-Soviet Arms to Balkans

MM2911103294 Moscow IZVESTIYA in Russian 26 Nov 94 p 3

[Report by Yevgeniy Bovkun: "The Comrade Generals Do Not Care Who Gets Their Weapons in the Former Yugoslavia"]

[FBIS Translated Text] Bonn—The institute for the study of the problems of the former Soviet Union based in Frankfurt am Main has published data on secret shipments of Soviet weapons to the Balkans.

Russia's generals have generously supplied the Serbs with modern weapons, the specialists of that institute claim, accusing M. Burlakov, former commander of the Western Group of Forces, of being the central figure in this business.

Some of the shipments were made via Ukraine. In May this year Serbia acquired 92 T-72 tanks this way and at the end of September 83 122-mm howitzers. This information has been corroborated by U.S. intelligence. After the withdrawal of the troops from Germany many air defense missiles also "went missing" in the Western Group of Forces. In all, over 400 freightcar loads of military hardware have already left the Western Group's arsenals for the Balkans.

U.S. specialists believe that Croatia has illegally received just as many weapons, often in the guise of "humanitarian aid." In Maribor, Slovenia, the local security organs have confiscated illegal stocks of grenades, automatic weapons, and missiles weighing a total of 150 tonnes, which had arrived via Ukraine destined for Bosnia. The client was a Muslim "charitable" organization, the brokers were Austrian businessmen.

Paul Beaver, a London specialist on the Balkans, believes that former Yugoslavia now represents the world's largest arms market, where not only the CIS countries are trading but also the West. For example, in 1993 West European dealers tried to supply substantial stocks of surface to surface missiles and carbines to the Balkans through Iran.

The Balkans are also a transshipment point in the underground weapons trade. According to U.S. intelligence information Serbian state-owned firms have been reselling some of their weapons to the Near East, in exchange for Iranian oil in particular, which is then taken to Serbia by ship through Romania.

UAE Denies Reports of Financing Russian Aircraft

LD2911104994 Moscow ITAR-TASS in English 1004 GMT 29 Nov 94

[By ITAR-TASS correspondent Vyacheslav Anchikov]

[FBIS Transcribed Text] Abu Dhabi November 29 TASS—The United Arab Emirates [UAE] refuted a report of some foreign media asserting that the Emirates finance the development and creation of the Russian fighter-plane Su-37. A "military source" said the Emirates, striving to modernize their air force, intend to purchase new aircraft, but have not yet decided what makes of fighter-planes they will buy, the newspaper AL-KHALIJ reports on Tuesday. Firms of the United States, Europe and Russia still have an opportunity to offer their best samples to the United Arab Emirates.

Reports on the possible purchase of new Su-37 fighter-planes by the United Arab Emirates appeared while a Russian delegation headed by Prime Minister Viktor Chernomyrdin was staying in Abu Dhabi. Viktor Glukhikh, member of the delegation, chairman of the Russian State Committee for Defense, then told reporters accompanying the Russian premier that "Russia suggested to the United Arab Emirates to take part in creating a new multi-purpose fighter-plane Su-37." Apparently, some media later presented his words as an indication that the United Arab Emirates already finance the project.

Sale of Su-27 Fighters to Pakistan Agreed 'In Principle'

LD2811214494 Moscow Voice of Russia World Service in English 1900 GMT 28 Nov 94

[FBIS Transcribed Text] Russia agrees in principle to sell the latest Su-27 fighters to Pakistan. This was announced by Pakistani Defense Minister Aftab Shaban Mirani.

In the late eighties Pakistan signed a contract with the United States for the purchase of F-16 fighters, but up to now has not received a single plane because of U.S. claims in connection with Pakistan's nuclear program. Mr. Mirani believes that Russian planes are better than American ones. A delegation of Russian Defense Ministry officials is in Islamabad to conduct talks on the issue. The ultimate decision is expected to be passed during the December visit to Moscow by Pakistani Prime Minister Benazir Bhutto.

Military Delegation Visiting Pakistan

LD2811094994 Moscow ITAR-TASS in English 1448 GMT 27 Nov 94

[By ITAR-TASS correspondent Aleksey Kuznetsov]

[FBIS Transcribed Text] New Delhi November 27 TASS—A delegation of the Russian Defense Ministry and air force command is expected to arrive in Pakistan on Sunday. This will be the first military visit at such a high level in the history of Russian-Pakistani relations.

During the talks, the two sides are to consider the possibility of Pakistan's purchase of Su-27 fighters from Russia, according to Indian newspapers.

The first announcement about the proposed visit of a Russian delegation came from Pakistani Defense Minister Aftab Shahban Mirani. In an interview with Islamabad newsmen two weeks ago, he said the visit would result in an agreement on purchase of Russian-made military aircraft, however declined to give any details.

"Everything will depend on the final price", Mirani said, adding that the approximate price of a Russian fighter was 35 mln [million] dollars.

This price is much higher than the one paid by Pakistan for U.S.- made F-16 aircraft. But out of the 100 fighters purchased from the United States, Islamabad actually received just about 60 planes. The remaining fighters were never delivered, since the U.S. Congress applied a legislative amendment to Pakistan, prohibiting arms supplies to countries developing nuclear weapons. After years-long litigation, Washington announced a few days ago that it was ready to give back 658 mln dollars to Pakistan for the fighters in question.

As an alternative to F-16, Pakistan considered the possibility of purchasing Russian aircarft and French Mirage-2000 fighters. The French planes were rejected because of their unreasonable price of 86 mln dollars. Over the past few months, Pakistan has stepped up negotiations with Moscow. Pakistani experts visited Russia last October and examined Soviet Union-27 [as received] fighters.

According to some information, the forthoming visit of the Russian military delegation to Islamabad will not necessarily result in signing some document. It is quite likely that the two sides will only agree upon a draft agreement, which is to be signed during the proposed visit to Moscow by Pakistani Prime Minister Benazir Bhutto, scheduled for December.

Russia-Pakistan Talks on Arms Sales Viewed

MK2911125094 Moscow KOMMERSANT-DAILY in Russian 29 Nov 94 p 4

[Report by Aleksandr Koretskiy under the "Russia on Arms Markets" rubric: "The Buyer Failed To Make Contact"]

[FBIS Translated Text] According to the Pakistani defense minister, Islamabad expected a high-ranking Russian mission 27 November to discuss terms and conditions of the purchase of 32 Su-27 fighter jets, but without avail.

Yesterday, your KOMMERSANT-DAILY correspondent was assured at the "Rosvooruzheniye" state company and the Russian Defense Ministry that these claims are groundless—not only is Russia not holding any talks with Pakistan on the sale of Su-27's, it has not discussed any arms supplies at all with it. It cannot be ruled out, however, that Moscow's caution in military contacts with Islamabad is attributable not so much to the fact that the latter does not yet have the status of "authorized cooperation partner," but rather by possible complications in relations with the United States.

Information on supplying two Su-27 squadrons to Pakistan emerged two weeks ago. At the time, neither the Russian Defense Ministry nor "Rosvooruzheniye" could either confirm or deny this sensational statement made by Pakistani Defense Minister Aftab Shaban Mirani. The absence of comments itself did not mean that there were no contacts between Russia and Pakistan on the subject at all; they appear to have been put on hold as a result of Mirani's clearly premature statement making the talks public.

"Rosvooruzheniye," however, is inclined to see the hullabaloo raised in Pakistan over the Su-27 deal in a slightly different light. As early as the beginning of 1994 Islamabad reached an agreement on buying 30 F-16's from the United States and even paid about 15 percent of their price in advance. The aircraft were to arrive in Pakistan in December, but the United States unexpectedly attached a number of clearly noncommercial conditions to the sale and froze the money already received from Pakistan. In particular, Washington evidently decided to exploit the deal in order to get access to Pakistan's nuclear facilities and nuclear program itself, which, to put it mildly, came as an unpleasant surprise for the latter. It was Islamabad's desire to get Washington to comply with the original terms of the deal that fueled rumors about its intention to buy Su-27's instead of F-16's in the first place, "Rosvooruzheniye" thinks.

Indeed, Pakistan could hardly have parted so easily with the nearly $200 million it deposited in a special account in a U.S. bank. On the other hand, Russia is stepping up its activity on arms markets literally by the day. And more countries that have not been counted among Russia's "traditional" partners are announcing their intention to buy Russian-made equipment. Indonesia and Thailand joined the list the other day. Contacts in military-technical relations with Brazil are becoming increasingly vibrant. At the same time, Russia has been making increasingly frequent inroads into markets that have until recently been considered the United States' exclusive sphere of influence. Given that, observers do not rule out the possibility of an early "Russian invasion" of the Pakistani market as well.

Commentator on Freezing DPRK's Nuclear Program

OW2911163694 Moscow Voice of Russia World Service in Mandarin 1100 GMT 23 Nov 94

[Commentary by station commentator Kondratyev from the "Current Events and Commentary" program]

[FBIS Translated Text] Listeners and friends:

With the authorization of the UN Security Council to oversee the entire process of freezing North Korea's nuclear program, a team of International Atomic Energy Agency [IAEA] experts has arrived in Pyongyang. This station's commentator Kondratyev noted:

It has been learned that the principal mission of these international experts is to inspect the country's nuclear program from the military aspect. The North Koreans themselves have also insisted on such an inspection recently. Generally speaking, the apprehension over the building of nuclear weapons by North Korea can soon be dispelled.

In the meantime, it is of equal importance that turning North Korea's nuclear reactors into light water reactors will prevent the country from building nuclear weapons. The price of such a project is fairly high—$4 billion by experts' estimates. They also estimate that it will take at least eight years to change the reactors.

An international consortium will be established in December, as suggested by the United States, Japan, and South Korea, to freeze all projects under the North Korean nuclear program. A number of West European countries, China, and Russia are expected to be invited to join the consortium. Moscow has on many occasions offered to help the Democratic People's Republic of Korea [DPRK] change its nuclear reactors, but China has not clearly stated whether it will join the international consortium.

With the establishment of the consortium, the U.S.-DPRK agreement on the nuclear problem will enter the enforcement stage. A spokesman for the DPRK Foreign Ministry said a couple of days ago: Pyongyang has taken measures to fully suspend the operations of all nuclear reactors. He said the nuclear waste will no longer increase and the existing waste will be properly stored. All nuclear facilities will be subject to IAEA supervision without exception.

This should be greeted as a cheerful remark. However, there is still a long way to go to turn the Korean Peninsula into a nuclear-free zone. Therefore, Moscow has proposed an international conference on the most thorny problems on the peninsula. An international guarantee will be able to maintain the Korean peninsula's nuclear-free status.

Political Affairs

Yeltsin Edict on Presidential Programs Fund

MM2911152594 Moscow ROSSIYSKAYA GAZETA in Russian 26 Nov 94 First Edition p 4

[Russian Federation Presidential Edict No. 2092, signed by President Yeltsin and dated 21 November 1994: "On the Presidential Programs Fund"]

[FBIS Translated Text] With a view to mobilizing extrabudgetary financial resources to implement presidential programs, I decree that:

1. The proposal from the Russian Federation Presidential Staff's Presidential Programs Center and interested financial and investment institutions to set up a Presidential Programs Fund (hereinafter the Fund) shall be approved.

2. It shall be prescribed that the Fund is a noncommercial organization and, within the bounds of its prescribed powers, mobilizes extrabudgetary financial resources to implement presidential programs.

The Fund is a corporate body and has its own balance sheet, property (including monies) owned by it with the right of operational administration, current and other bank accounts, and a seal of an established design.

3. In its activity the Fund is guided by the Russian Federation Constitution and federal laws, the Russian Federation's international treaties, edicts and directives from the Russian Federation president, decrees from the Russian Federation Government, and its own charter.

4. It shall be laid down that the Fund's main tasks are to:

elaborate and carry out expert assessment and selection of proposals to implement presidential programs;

provide presidential programs with the necessary funds from extrabudgetary sources and with personnel;

create financial and investment mechanisms to ensure the elaboration and implementation of presidential programs.

5. It shall be prescribed that, in order to implement its main tasks, the Fund is entitled to:

accumulate extrabudgetary financial resources to implement presidential programs;

provide financial funds on a nonrefundable and refundable basis for the elaboration and implementation of presidential programs;

monitor the targeted utilization of the financial resources allocated by the Fund and, in the event of violations coming to light, suspend the financing of the corresponding programs;

implement other activity in accordance with Russian Federation legislation, its charter, and instructions duly received.

6. It shall be prescribed that the sources for shaping the Fund's financial resources are:

resources supplied by Fund participants;

voluntary contributions from corporations and individuals;

other revenue from Fund activity.

The Fund's financial resources are used exclusively to implement the tasks envisaged by Paragraph 4 of this edict.

7. A Fund Supervisory Council shall be set up consisting of representatives of Fund participants. It shall be prescribed that the Fund's Supervisory Council shall:

- Monitor the Fund's activity;
- Appoint and dismiss the executive director of the Fund and his deputies following representations from the chairman of the Fund's Supervisory Council;
- Annul decisions made by the Fund's executive director in violation of Russian Federation legislation and the Fund's charter;
- Ratify the Fund's structure and staff roster, as well as labor remuneration for Fund employees.

The decisions of the Fund's Supervisory Council shall be adopted by a majority vote of its members and signed by the chairman of the Fund's Supervisory Council. The Russian Federation president shall be appointed chairman of the Fund's Supervisory Council and shall be annually given a written report and verbal submission [doklad i auditorskoye zaklyucheniye] on the Fund's activity. The leaders (deputy leaders) of Russian Federation Presidential Staff subunits, the Russian Federation Ministry of Finance, the Russian Federation Ministry of the Economy, and the Russian Federation Government's Federal Commission for Securities and the Stock Market shall be ex-officio members of the Fund's Supervisory Council.

8. The Russian Federation Presidential Staff, in conjunction with interested financial and investment institutions, shall act under the established procedure as founder of the Fund and shall ratify its charter in accordance with this edict within one month.

9. The Russian Federation Presidential Staff's Presidential Programs Center and the Russian Federation President's Security Service shall provide assistance in organizing the Fund's financial structure, which includes an investment holding company and an investment bank, as well as providing information, analytical, and other support for the activity of the Fund and its subordinate institutions.

10. This edict comes into force from the day it is signed.

[Signed] Russian Federation President B. Yeltsin

[Date] Moscow, the Kremlin, 21 November 1994

No. 2092

Edict Seen as Ineffective 'Ploy'

MK2911105094 Moscow NEZAVISIMAYA GAZETA in Russian 29 Nov 94 p 1

[Report by Igor Korotchenko in the "Opinion" column: "Boris Yeltsin Beefs Up Counterintelligence. Fighting Espionage Will Require Not Only Organizational Measures but Also Financial Resources"]

[FBIS Translated Text] Boris Yeltsin's edict on returning the investigation apparatus to the Federal Counterintelligence Service [FCS] fold (wherefrom it was taken in the process of reforming the former Security Ministry) has been received with misgivings in the majority of Western special service stations operating in Moscow under the "cover" of diplomatic missions. Many analysts regard this decision as a move toward tightening up the counterintelligence regime on Russian territory. In the run-up to the 1996 presidential elections Boris Yeltsin vitally needs effective achievements along any lines, capable of boosting his personal popularity rating among various sections of the electorate.

True, it appears that the president will not win great laurels in the area of fighting espionage. After the demolition of the KGB in August 1991 and the decentralization of its major elements, the world leading special services (the CIA, MI6, Mosad, and others) received several years of relatively free work in Russia. Presumably this time has been used to create secret networks with access to Russian state and political structures. It needs to be pointed out that technical progress in the West has not bypassed such a delicate sphere as liaison with agents. Today, recruited Russian secret-bearers most often do not bury their reports in dead drops but, using secret portable electronic equipment, dump encoded information within one or two seconds either onto embassy antenna systems or specially equipped diplomatic cars parked in designated places. The impersonal forms of communication used by foreign intelligence services leave domestic counterintelligence very little chance to arrest spies.

Therefore, if Boris Yeltsin wants loud affairs (like the "Ames case"), budget appropriations for the activity of Russian special services engaged in counterintelligence and foreign intelligence will need to be increased. After all, with the collapse of the communist system the reasons for which some idealists agreed to cooperate with the KBG or the GRU have disappeared. Now sheer material interest is the main driving force for potential traders in secrets.

Report Notes Yeltsin's 1996 Presidential Intent

MM2911123994 Moscow IZVESTIYA in Russian 29 Nov 94 p 1

[Report by the YEVROPEYSKO-AZIATSKIYE NOVOSTI agency: "Yeltin Intends To Run for Office Again in 1996"]

[FBIS Translated Text] Boris Yeltsin intends to run for office in the Russian Presidential elections in 1996, Eduard Rossel, chairman of the Sverdlovsk Oblast Duma, claims. According to a report in the URALSKIY RABOCHIY newspaper, the speaker of the oblast parliament was told that by the Russian president himself at a meeting with Sverdlovsk people in the Kremlin recently on the legitimacy of certain statutes of the Sverdlovsk Oblast charter.

Yeltsin: Security Council To Pass Decision on Chechnya

LD2911180894 Moscow INTERFAX in English 1621 GMT 29 Nov 94

[FBIS Transcribed Text] Russian President Boris Yeltsin declared that the Tuesday sitting of Russia's Security Council is to pass its final decision on the situation in Chechnya.

Speaking at the opening of the sitting Yeltsin pointed out that the situation in Chechnya is difficult, people are being killed in this republic. "Chechnya is a republic within the Russian Federation and we cannot stand aside from this bloodshed. We have no moral right to stand aside from this tragedy," Yeltsin underlined.

Then the sitting continued its work behind the closed doors. Prime Minister Viktor Chernomyrdin, chairmen of the parliament chambers, Vladimir Shumeyko and Ivan Rybkin, Defense, Foreign, and Interior Ministers Andrey Kozyrev, Pavel Grachev, and Viktor Yerin, Justice Minister Yuriy Kalmykov, leader of the Federal Counterintelligence Service Sergey Stepashin, leader of the external intelligence service Yevgeniy Primakov, Vice Premier Sergey Shakhray, Emergency Situations Minister Sergey Shoigu, Nationalities and Regional Policy Minister Nikolay Yegorov, Secretary of the Security Council Oleg Lobov attended the sitting.

The speaker of the upper house of parliament, the Council of the Federation Vladimir Shumeyko, has said that as it considered the likely march of events in Chechnya, the Security Council gave preference to peace methods of resolving the problem. However, Shumeyko did not elaborate.

Yushenkov: Yeltsin's Chechen Address May Play Positive Role

LD2911141294 Moscow ITAR-TASS in English 1344 GMT 29 Nov 94

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow November 29 TASS—The Russian president's address to participants in the armed conflict in Chechnya may play a positive role if the warring sides are guided by the common sense, not by their personal ambitions, believes Sergey Yushenkov, chairman of the Duma committee on defence. He said this to ITAR-TASS on Tuesday [29 November].

However, Yushenkov is concerned that developments in Chechnya will not take this turn, and a possible introduction of the state of emergency in the territory of Chechnya will not lead to the solution of all problems. He noted that the possible introduction of the state of emergency is formally legitimate, but he finds it difficlut to judge to what a degree it is justifiable from the viewpoint of the alignment of forces. Yushenkov believes that if needed the Federation Council will endorse the introduction of the state of emergency in Chechnya.

The chairman of the Duma committee also said he believes that the president made an address to participants in the armed conflict under certain pressure, specicically, after an address by leaders of subjects of the federation in the Northern Caucasus and southern Russia.

Realism of Yeltsin's 'Ultimatum' to Chechnya Questioned

MM3011103394 Moscow IZVESTIYA in Russian 30 Nov 94 p 2

[Article by Valeriy Vyzhutovich: "Who Needs 48 Hours To Reflect? Russian President's Ultimatum to Belligerent Chechnya Prompts Not Only This but Also Other Questions"]

[FBIS Translated Text] On 29 November Boris Yeltsin addressed the participants in the armed conflict in Chechnya. After stating that "the hope of an independent solution to the internal Chechen conflict has been completely exhausted," the Russian president put this ultimatum-like demand: Within 48 hours of the appeal they must "cease fire, lay down their arms, disband all armed formations, and release all citizens who have been captured and are being detained by force." If these demands have not been fulfilled by the set deadline, a state of emergency will be introduced on the territory of Chechnya.

The degree to which this presidential ultimatum is realistic desperately reflects the level of realism of the Kremlin's entire three-year policy on Chechnya. You have to have at your disposal a sizable staff of advisers and a wide range of analytical, information, intelligence, and other state services in order to seriously believe that a full conciliation of the belligerents is attainable in Chechnya within 48 hours. With the melancholy of Pavel Grachev, you have to be "not very interested in what is happening there" in order to demand "the restoration of constitutional legality, law and order, and peace in the Chechen Republic" within 48 hours.

At the time of writing these lines, Groznyy's official reaction to Moscow's ultimatum has not yet been received. But Musa Merzhuyev, the Chechen president's spokesman, has already told INTERFAX that Boris Yeltsin's appeal to the participants in the armed confrontation "will only cause all Chechens to unite" and will also "inevitably remove from the opposition camp those people who have blindly followed it."

It is clear from the appeal that Boris Yeltsin regards as one of the "sides in the conflict" the Chechen government troops defending the legitimate power and the legitimate president, regardless of whether the Russian leadership likes this power and this president. I would be curious to know how the Kremlin would have reacted during the night of 3-4 October 1993 to a categorical demand from Bill Clinton, let us say, to Boris Yeltsin on the one hand and to Aleksandr Rutskoy on the other hand to disarm their "participants in the armed conflict" without delay and to go home to bed.

But Chechnya is part of Russia, is it not? Does this mean that we can do things unceremoniously and severely, but in our own way? Yes, Chechnya was and still is de jure a component of the Russian Federation. But for the past three years Moscow has, as it were, forgotten (not counting the sluggish talks) about this obvious point and has de facto recognized the independence of the Chechen state. Now, whatever people might say, the introduction of a state of emergency in this republic might be interpreted by its leadership as armed Russian intervention.

It is difficult, however, to believe in Russia's direct strong-arm interference in the Chechen feuding. The safety fuse of the ultimatum will burn down over the course of 48 hours and...will most likely be extinguished. By the creation of some coordinating and conciliatory council, center, or staff. Because people both there and here realize that the introduction of a state of emergency in Chechnya means the start of a major war which could set the entire North Caucasus on fire and draw dozens of peoples and ethnic groups into a deadly circle. Moscow is not at present proposing any other means of untying the Chechen knot which is swelling with blood. There can be no doubt that the Kremlin is now feverishly searching for them. So Boris Yeltsin has, rather, given himself 48 hours to reflect.

Chernomyrdin Calls Off Trip to Novosibirsk

LD2911180994 Moscow INTERFAX in English 1621 GMT 29 Nov 94

[FBIS Transcribed Text] Russian Prime Minister Viktor Chernomyrdin called off his working trip to Novosibirsk to attend a meeting of inter-regional economic cooperation associations on December 1 and 2. Sources in Moscow believe that the reason was the latest developments in Chechnya. They say that the decision to call off the trip was made immediately after the National Security Council meeting in the Kremlin.

A representative government delegation headed by First Deputy Prime Minster Anatoliy Chubays will leave for Novosibirsk on November 30. It includes finance, economy, fuel and energy, agriculture and food and labor ministers and the acting chairman of the Central Bank.

The delegation and regional leaders will discuss the 1995 budget draft and the relationships between the center and regions.

FCS: No 'Threatening Information' on Chechen Terrorism

LD2911180394 Moscow INTERFAX in English 1621 GMT 29 Nov 94

[FBIS Transcribed Text] The Moscow department of the Russian Federal Counterintelligence Service (FSK) [FCS] said it did not have any "threatening information" on possible terrorist acts of Chechnya in Moscow, a source in the FSK Moscow department told Interfax.

The same source said that, however, after the recent developments in Chechnya and the ultimatum presented to the regime of Dzhokhar Dudayev by the Russian president the FSK department on fight with terrorism would focus on training officers for treating such problems. The same source said that the FSK had enough information not to admit such unexpected events.

RCWP Planning 'All-Russia Political Strike'

MM3011100794 Moscow PRAVDA in Russian 29 Nov 94 p 1

[Report from PRAVDA/ITAR-TASS column: "'Working Russia' Stands Firm"]

[FBIS Translated Text] The fourth regional conference of the Moscow organization of the RCWP [Russian Communist Workers' Party] was held in Moscow 26-27 November. The accountability report was delivered by V. Anpilov, secretary of the RCWP Central Committee and first secretary of the Moscow Committee of the RCWP. It was firmly declared in the report and in all the speeches that the main task of the party and of "Working Russia" is to prepare for and conduct an all-Russia political strike demanding the resignation and bringing to trial of the current antipopular regime.

Economic & Financial Issues

Economic Conference Prepares for 'New Year'

MM2911114994 Moscow ROSSIYSKAYA GAZETA in Russian 29 Nov 94 First Edition pp 1, 3

[Report by Vladimir Kucherenko: "Time To Compare Views. All-Russia Conference Devoted to Discussion of Draft Budget '95 and Government Action Program for 1995-1997 Held 26 November"]

[FBIS Translated Text] Opening the All-Russian Conference "Prospects for Economic Reform in Russia," Boris Yeltsin noted that its purpose and main tasks were to "prepare for the new year of developing the Russian reforms." As he put it, problems no less difficult than today's will emerge in 1995. The ways to solve them should be mapped out now.

Analyzing the situation in the economy, the Russian Federation president said that "hitherto it has been in a state of crisis." This state is now close to being overcome. Consequently, opportunities have emerged for positive changes in the socioeconomic situation in the country. As he put it, the situation is changing—although not so noticeably for the majority of Russian citizens. The president and government can see that, with certain efforts on their part, the negative trends of recent years can be overcome.

He went on to say that the government has drawn up a draft budget for 1995 and a three-year concept for the development of economic reform, which now constitute an action program. Russia's future place in the world community will depend on how they are implemented.

Consequently, Boris Yeltsin said, "the time has come to compare views and determine the program of action for next year." The president believes that this can only be done jointly, through the efforts of the legislature and the executive, taking account of the opinion of the regions, Federation components, and Russian businesses. The conference was convened in this connection.

Boris Yeltsin went on to give a wide-ranging description of the current situation in the country's economy. According to him, 1994 was not a simple year for the economy, but there have been certain improvements nonetheless. As a positive point the president noted the "comparatively modest level of inflation." As he put it, the dramatic events on the foreign exchanges in October have not disrupted this trend. "The October surge in inflation produced a very painful reaction in society. But, at the same time, it showed that there is no going back to uncontrollably high inflation," the president noted.

This year, Boris Yeltsin said, "the savings of citizens and enterprises have begun to grow, although, of course, not everyone's have." And this is a major social problem. When there are real savings, the president believes, investment will be possible, as will an end to the crisis and the prerequisites for an economic upturn.

The situation in production remains difficult, according to the head of state. "Its slump has been very deep compared with last year." There is a structural crisis; high-tech industry is in a complex position; there are many problems in the social sphere; and mutual defaulting continues to plague the economy."

Nonetheless, 1994, in Boris Yeltsin's opinion, was not lost to reform. Its main result was that Russia's economy has started to operate according to the laws of the market. Consequently, the president added, "it is time to leave the period of backtracking and half-baked solutions behind along with this year." In 1995 "we will go on the offensive, complete financial stabilization, and embark on the creation of the prerequisites for restoring and boosting the economy," he stated.

[At this point ROSSIYSKAYA GAZETA refers readers to page three of the issue for Premier V. Chernomyrdin's main report to the conference; account of this report is being texted separately]

According to the Federation Council chairman [V. Shumeyko], the government has been unable to move to strategic planning for the economy and has failed to implement the president's February message to the Federal Assembly. We have had a purely outline forecast, whereas the government should have set goals and achieved them. It is necessary to move toward a planned economy on an indicative basis.

The Federation Council chairman does not believe that the 1995 budget should be entirely balanced. Only we need to direct the money obtained from the "printing presses" not into current spending—as is the case at present—but into strategic investment programs, which will produce huge returns in the future.

V. Shumeyko proposes supporting high-tech and economic production facilities in the budget, which would not only ensure that the country joins the world market, but would support the integrity of the national economy and make the country self-sufficient and relatively independent of imports. But the policy of the Economics Ministry (of helping only projects that show a rapid return) is leading to the loss of scientific and technical potential.

Budget relations between the center and the provinces are another unregulated area of dispute. V. Shumeyko is calling for "budget federalism"—a division of responsibility in implementing reform. The current system of transfer payments (when the regions pay money to Moscow, which then redistributes it) is, as the senator put it, destroying the incentives to boost incomes in the territories. The dissatisfaction of the oblasts, which want equal rights with the republics and autonomous areas, is increasingly vocal. They do not like it when the latter, sometimes with sparse and smaller populations, pay less tax but get more aid.

Similar thoughts were voiced by State Duma Speaker I. Rybkin. The goals set by the government for next year, in his opinion, coincide with the memorandum that Gaydar signed for the IMF in 1992 and with the already adopted action program for 1993-1995. He expressed doubt about the feasibility of these plans.

Treasury spending should not be reduced without giving thought to how to increase revenue. And this is unthinkable without supporting production. "Let's stop thinking in terms of trite cliches!" Rybkin proclaimed. "We should spend money not on supporting the military-industrial complex nor on subsidies to the agro-industrial complex, but on preserving our technological base and unique collectives, and providing support for the countryside and even, if you like, for the roots of our ethnic group, our people!" It is from this standpoint that criteria ought to be determined, the budget adopted, and taxes formed. Rybkin recalled that Japan and the United States have even announced tax holidays for spheres of the economy which could be the engines to pull the economy out of crisis. And these were by no means the services or imported goods spheres. For the sake of a balanced budget we are literally ruining our producers.

It is also foolish to give up Central Bank credits. Rybkin recalled that the repayment of our domestic and foreign debt will fall due at the time of the presidential and parliamentary elections. This is a very explosive situation.

Relations with Federation components could be a "time bomb." According to Rybkin, it is necessary to set up a regional justice program, defining areas of future development.

Federation components had their own view as well. President V. Kokov of Kabardino-Balkaria, while warmly approving the government's activity, complained about the poor mechanism of interbudgetary relations between the center and the regions. They are currently maintaining the backward state of the North Caucasus. On the other hand, Kokov complained of the cumbersomeness of the bureaucratic system of running the country, and the irresponsibility and lack of discipline shown by its cadres. For instance, the presidential edict issued in October 1992 on support for Kabardino-Balkaria has been just 20-percent fulfilled.

A. Lisitsyn, head of the Yaroslavl Oblast Administration, pointed out that the draft 1995 budget did not reflect the question of switching the social and consumer sphere from enterprise budgets—which cannot sustain it—to municipalities' budgets. There is a threat of collapse, he warned. The Finance Ministry should fully hand things over to the regions, leaving them some of the corresponding taxes for the upkeep of the social, cultural, and consumer sphere.

The budget also faces the threat of being destroyed by defaulting. Governors should combat this by carrying out mutual offsetting of debts and by "issuing" bills of exchange and loans. But, although all this should be done simultaneously in all the regions, most of them are in no hurry to do so.

Governor L. Polezhayev of Omsk believes that the actions of market mechanisms in trans-Ural areas should be restricted. He is not happy about the prospects for a new prices policy and the fact that prices of energy sources are nearing world levels. With the ruble's fall against the dollar this is destroying production and increasing its costs.

The situation in this area is not gratifying either. The banks have usually served as examples of prosperity amid the production crisis. But T. Paramonova, acting chairman of the Central Bank of Russia, has warned that this sphere too is now in a difficult position for the first time in the reform period. One-fifth of all commercial banks will end the year with losses. Some 200 establishments simply have no funds in their correspondent accounts, and it is planned to take away the licenses of approximately 100 banks on the grounds that they are bankrupt.

There are several reasons for this. First and foremost, the difficult situation facing the banks' clients—enterprises. Then the disorganization of the banking sphere itself. Unlike their Western colleagues, our financiers are destroying their banks by lending to bad risks. Above all, to enterprise sponsors. And the Central Bank of Russia can do nothing about it—a new law "On Banks and Banking Activity" is required.

The fact that new laws on banking activity and on the Central Bank of Russia are needed was also mentioned by V. Vinogradov, head of "Inkombank"—without them there can be no normal deposit insurance, recapitalization of failed banks, or help to those banks which have been the "cornerstones" of regional economies.

In order to normalize the economic situation V. Vinogradov is calling for an unchanging and simple tax system to be established for two or three years, adopting clear-cut rather than vague decisions at top level. So far the state is providing poor incentives for private investment. It is planned that for every four rubles of private investment the budget will invest one ruble. But, according to the banker, this is not enough—we need a 50-50 ratio, or even 15-85.

I. Yermakova, president of the "Ruskhim" Financial-Industrial Group, believes that all investments will fail unless order and discipline are restored and property relationships regulated. Unless this is done it would be better for loss-making enterprises—no matter how many of them are privatized—to shut down. Thus, 20 percent of shares in one of the group's enterprises were acquired by a commercial structure which stopped paying for the plant's products, literally sucking it dry.

The opinion of military-industrial complex entrepreneurs was voiced by G. Yefremov, director of the "Mashinostroyeniye" Science and Production Association in Reutov: "Russia is giving up its treasure—its technological base." Unique production facilities are being destroyed and teams of people are being broken up—just who will provide the modern technology that the country needs to overcome the crisis in restructuring its production? Yefremov insists that the state should clearly define what kinds of armaments will be developed, and should issue firm state orders, not permitting this year's chaos to be repeated.

At the moment the entire state system is working against our national interests, the defense industry man believes—there is no discipline, and half of our funds are "going untaxed" [khodit bez nalogov]. But the tax services are worried about poking their noses into commercial structures' affairs, preferring to fleece the plants. Consequently, he does not believe that lending rates will fall from 180 percent to 20 percent.

In his concluding speech B.N. Yeltsin tried to reconcile opponents and smooth over differences. He also promised a tough financial and credit policy and the preservation of the technological base and high-tech production facilities.

Conference Viewed

MM2911143594 Moscow ROSSIYSKIYE VESTI in Russian 29 Nov 94 p 2

[Article by Lyudmila Biryukova: "Step from Confrontation Toward Solidary Responsibility"]

[FBIS Translated Text] The hardships of the reforms have exhausted the Russians. But ahead lies one more complex stage following an unforgiving route.

Of course the tough 1995 budget is no picnic. It has already been called a Pinochet budget. That is human nature: to look about in the face of each difficult obstacle to see whether there is some way round or whether it is possible to turn back.

It is not possible. We are past the point of no return. Many speakers said this from the conference rostrum. But advancing with tiny steps when our legs are weighed down by the unstable quagmire of the slow-moving crisis has also become unbearable. We need a resolute breakthrough on the path toward stabilization. That is what the government proposes to do in 1995.

It is hard to embark on a breakthrough when some people are dragging us to the left, some to the right, and others calling for chaos and insubordination, when the situation requires self-discipline. Can society understand the harsh need for a new stage of reforms?

The answer to this difficult question should have been given by the all-Russian economic conference convened at President B. Yeltsin's initiative. Representatives of the legislative and executive power, leaders of the regions and of public organizations, businessmen, scientists, figures from the opposition parties and groupings were there. But only one of the speakers shed tears for the planned system. G. Yefremov, director of a large defense enterprise, turning to the prime minister sitting in the presidium, reminded him that even in the Arab Emirates, from which V. Chernomyrdin had just returned, a planning organ—the Ministry of the Economy—holds first place. To which the premier replied: "The sultan is in first place there" (laughter in the auditorium). And President B. Yeltsin added that even members of parliament are appointed by the sultan.

Despite the fact that in our country the State Planning Committee has been abolished and the parliament is elected, representing various strata of society, the conference did reach agreement on the main thing: The government's tough new financial policy is not some routine tightening of the screws but an essential stage of the reform that has become irreversible. Contrary to the opposition's pessimistic forecasts, the economy has not sunk into hyperinflation. At the same time half-measures and a slow, gradual approach in the struggle against inflation have exhausted themselves. They merely increase the economic and social expenditure of stabilization policy.

Things are obvious. But however many examples we have seen in recent years of the obvious being not merely doubted but denied, sometimes ostentatiously and fiercely so. This time it was different. "It was heartwarming when both speakers of the Federal Assembly chambers—V. Shumeyko and I. Rybkon—supported the government's idea in general and as a whole (although not without reservations)," L. Polezhayev, head of the Omsk Oblast Administration, said from the rostrum. It looks as though a limit has been set to the seemingly endless confrontation between the president, government, and parliament.

Indeed, in his speech State Duma Chairman I. Rybkin stressed that the discussion of the draft budget in parliament was even-tempered and businesslike. It was decided to work through the draft once again with the participation of government representatives.

Anyone who expected an outbreak of parliamentary anger was probably very disappointed. Nothing terrible happened and it may be hoped will not happen. The draft will be tested for faults and pressure and will be supplemented and enriched with new proposals, which will only benefit it. The main thing is that the government does not intend to retreat from its general line and the deputies are very well aware of that.

The speakers warned the country's leadership against using the fact that the budget has not been adopted as a threat to dissolve parliament. The duma has only just entered the rhythm of lawmaking work. It is doubtful whether its disbandment would improve the situation in the country. New elections will hardly end in victory for the progressive reformist forces: The situation is different now. Does the country really need Mytishchi on an all-Russian scale? one speaker asked rhetorically, having in mind the elections near Moscow won by the notorious Mavrodi.

Actually, one so wants to hope that the Duma has embarked on a course toward constructive work by no means because of the potential threat of dissolution but because it is maturing and gaining experience.

"The budget's toughness has dumbstruck some people," the prime minister said in his report, and this "dumbstruck state" was obviously manifested at the conference, especially in disputes in the corridors. Journalists surrounded G. Yavlinskiy, who said that the government has stated good aims but they cannot be achieved. He has formed the impression that the draft budget was written by the narrators of fairy stories. The big deficit cannot be overcome by the measures outlined in the draft—that is the well-known economist's opinion.

Representatives of the business world think completely differently.

"We welcome the idea of covering the budget deficit through noninflation sources," M. Masarskiy said on behalf of businessmen. Moreover, he gave an assurance that businessmen have specific proposals as to how to make the budget's revenue section feasible. For instance, how to expand the scale of the sale of state securities and how to make internal loans attractive and not only to corporate bodies but also to individuals. So that people are not diverted by "pyramid" games offered them by some swindlers.

The speeches by representatives of the state and nonstate sectors of the economy nonetheless offered a striking contrast. The former's motif is well known: Give us such and such. The latter were just the opposite: Take such and such. Businessmen for instance suggested to the government a program for how to return to the country the capital which has fled abroad and for what must be done for this. "And foreign capital will be bound to come to Russia with it and extensive investments in our economy will begin," said M. Masarskiy.

Businessmen might seem to have no concern for the country's foreign debts. But it turns out they have proposals as to how to ease that heavy burden by using Russia's real estate abroad and also the Russian gold kept in banks in France and Japan. The government should seize these proposals and put them to use but the apparatus has been examining them slowly and phlegmatically for nearly two years now. For instance, recently the first practical step was taken: An interdepartmental commission has been created to resolve the problem. But while the government has been thinking and hesitating Japan and France have made the figures for Russian gold a secret.

The entrepreneurs also have ideas about how to deal with our debtors, that is those countries which owe us money. To wait for Saddam Husayn to pay up is highly irrational. We must work with the debts of third countries, we must sell them, and no one knows better than entrepreneurs how to do that. But so far their proposals remain unused.

Yes, debates were not smooth at the conference. The government was criticized from various sides. There were demands that it improve management, reduce expenditure on the apparatus, simplify the tax system, equalize budget provision for different regions, expand incentives to entrepreneurial activity.... Perhaps those assembled were most alarmed by the government's intentions to render investment support only to effectively operating enterprises. Will that not lead to even bigger structural distortions: to the raw material orientation of the economy and the loss of part of our scientific and technical potential? We must be concerned for science-intensive sectors even under tough budget conditions—that was the overall message. Representatives of commercial banks voiced the readiness to take the most active part in supporting high-technology production facilities. Innovations Commercial Bank leader V. Vinogradov announced that it is already giving credits to the aircraft, instrument building, and chemical industries. And bankers in the free sector of the economy are not throwing their money to the wind.

The business-like tone of the talk at the conference made us forget for a while our society's politicized nature. Especially as no one from the opposition asked to speak, although S. Glazyev, Yu. Skokov, and other opponents of the president and government were in the auditorium. That means that the authorities only have to switch the talk into the channel of real matters for the most implacable to lose their tongues. They have nothing to suggest. And one starts to understand what they are seeking: only power for themselves. Because whoever is in the ministerial seats will be obliged to pursue the same tough financial policy, to which there is no alternative today.

And one more conclusion from this big talk: Society's intellectual elite is by no means opposed to reforms. And natural differences over partial issues can and must be overcome. Including at forums like these.

Chernomyrdin Addresses Conference

MM2911121594 Moscow ROSSIYSKAYA GAZETA in Russian 29 Nov 94 First Edition p 3

["Abridged" version of report by Russian Prime Minister V.S. Chernomyrdin at 26 November All-Russia Economic Conference in the Kremlin: "Next Year, 1995, Will Be The Most Crucial"]

[FBIS Translated Text] The third year of the economic reform in Russian—1994—is almost over. One can definitely say that a great deal of ground has been covered. Everything that has happened and is happening in the national economy affects the interests of every citizen. And I am sure I am not mistaken when I say that no one in the country is indifferent when it comes to the economic situation.

What is special about this moment is that we are now in a situation where we are entering a new stage of economic transformations and new, even more difficult tasks are emerging. From this viewpoint, 1995 will probably be the most **crucial and the most intensive**, because the consistency of the policy and the correctness and decisiveness of the actions will determine how soon Russians will see tangible and convincing evidence of emergence from the economic crisis and the beginning of the **country's stable, steady development**.

Safeguarding development of this kind is, strictly speaking, the main idea behind the economic reform. The entire concept of the new medium-term economic policy program is geared to this.

There is yet another not insignificant fact we must not lose sight of—it is the challenge of history, the challenge of the future. Russia must respond to this challenge in the manner that most befits a great power.

In only 265 weeks mankind will be entering the 21st century. And we must be among the frontrunners when we get there, not among the civilized countries' backmarkers.

This is ultimately a **matter of national pride.** Herein lies the **true meaning of Russian patriotism** at the present, to be frank, difficult stage of our country's development.

This, if you like, is the **chief moral lesson** to be drawn from what has already been done in the sphere of economic reform.

Finally, it is time we stopped trying to frighten ourselves with endless "national disasters." Of course, we are not going to overcome the industrial decline, the inadequate provision for millions of fellow citizens, the threat of unemployment, nonpayments, and much else immediately. The situation is such that people have already experienced the full weight of all the negative aspects of the breakup of the old economy and have been only lightly touched by the positive things the new economy is bringing with it.

But there have been real advances. The economic life of the country and its citizens presents a varied picture. Russia is assimilating the principles and laws of the market and is building a normal life.

From this viewpoint **1994 is not simply a model year, it is a watershed.**

What we can say today quite definitely is that the reform is now founded on a qualitatively new economy, the functioning of which is determined by the action of market regulators.

The most striking indicator of this is the **trend that has emerged toward the stabilization of production volumes.** Since September we have had a pretty steady monthly increase in industrial output. In November it is 4 percent compared with October. The number of enterprises that have experienced lengthy (that is, more than one shift) production stoppages has fallen. Losses of working time fell from 26 million man-days in September to 20 in October. This is lower than in all previous months of the year.

As a result we expect a GDP of 620-630 trillion rubles [R] by the end of 1994. That is 85 percent of last year's volume in comparable prices.

The **course of inflationary processes has changed** markedly. In 1992 prices on the consumer market increase 26 times, in 1993 they increased nine times, and in 1994 the increase will be 2.8-2.9 times. And this takes into account the prices explosion following so-called "Black Tuesday," which amounted to 15 percent in October as a whole. But already in November we have seen the figure fall to 12-13 percent. I think we will see a fall in December too.

There have been some obvious changes **in the social sphere** too. In 1993 real incomes increased by 10 percent, and in the first 10 months of this year they increased by 18.5 percent. All this is evidence of the growing influence of effective demand on the macroeconomy. It is manifested, in particular, in the fact that retail trade turnover in the current year (in comparable prices) is right up to the 1990 level. The volume of sales of nonfood commodities is surging ahead. The structure of food consumption is also changing. In 1994, according to surveys of domestic budgets, for the first time in three years consumption of meat and meat products and fruit increased.

More than 20 percent of people's money has gone into **savings** this year, and their economic composition is now fundamentally different from what it was three-four years ago. Formerly the main reason for savings was that there was simply nothing to spend money on. The situation is different now. Savings are made in order to buy securities and real estate, to build a house, and so on. Here is just one example—by the beginning of October 3.2 million square meters of housing had been constructed at people's expense. This is one-third more than in 1993.

The **formation of qualitatively new market institutions** has been a central feature of 1994. By October 1994 around 108,000 state and municipal enterprises in Russia had changed their form of ownership to collective or private. As a result, for the first time in many decades, the nonstate sector is the dominant one in the economy.

Privatization has entered a new, monetary stage. Around 50 enterprises have been through the proper procedure and been declared bankrupt. The currency and stock markets have started operating, although not without hiccups.

Of course, this is just the beginning. Many of the things we included in our plan of action for 1994, that were incorporated in the president's message to the Federal Assembly, **were not fully realized**. For instance, the decline in production and in technological standards in a number of sectors was not halted. All is far from well in the conversion sphere.

The transition to the new stage of privatization has not yet had a decisive effect on the attraction of investments, sales of shares remain low, and psychological barriers and public wariness of bankruptcy have not been overcome.

The formulation of a modern legislative base to regulate the securities market and banking is well behind schedule. The cost of this is evident—a series of scandals involving various "collectors" of the people's money and, in the end, fraud.

In the latter half of the year, unfortunately, income differentiation started to increase again and the reduction in the number of our fellow citizens below the poverty line (around 30 million) slowed down.

We have felt and are continuing to feel the full force of incomplete institutional transformations in the Russian economy in the exacerbation of the problem of **nonpayments**. As of 1 October 1994 overdue credit indebtedness in the economy totaled R71.8 trillion and overdue debit indebtedness totaled R65.6 trillion. These problems are continuing to grow and there has been no reduction either in the total number of enterprises with overdue debts. They number around 50,000.

This state of affairs directly affects the **implementation of the federal budget for 1994**. Its income base is shaky due to a significant shortfall in tax revenue. So budget expenditure has had to be slashed in all main areas.

We sought to take all these lessons into acccount in our work on the draft budget for 1995.

For 1994 as a whole we expect revenue of around R70 trillion and expenditure of a little over R140 trillion. And I can assure you that all overdue budget debts relating to pay will be cleared by the government before the end of this year. So compared with September we will see a threefold reduction in the debt for pay and servicemen's financial upkeep alone.

The government's operational commission on improving payments and settlements has been operating for some months now. A number of legislative and normative acts has been prepared on the introduction of bills of exchange circulation and Finance Ministry treasury bills and on the rules for the local mutual offsetting of enterprises' debts at regional level.

Of course, these are just the first steps toward stabilization. And we are very well aware that proper payment and settlement arrangements in the country depend on the simultaneous solution of other problems, such as the restructuring of the economy; the improvement of taxation, price and customs policy, and the banking system; the development of the securities market; and the establishment of rigorous financial discipline. The government will be concentrating on these areas in 1995.

Of course, the results of the year, and of the whole three years of the reforms, cannot be boiled down to the dynamics of economic indicators. It is extremely important that we have started to acquire a better understanding of the actual logic of transformations.

Hence stem several fundamental conclusions incorporated by the government in the **blueprint for the Economic Policy Program in 1995-1997**.

Above all, it is clear that the **reform has reached a watershed**. Of course, the crisis is not yet over, but the stage of crisis development is nearly past. And whereas previously we really were unable to overcome or even halt the crisis, now we have the opportunity to do so. We have moved on from the phase of general production decline to the phase of structural crisis. The present and future of industry are determined primarily by demand. And this means that restructuring is not merely inevitable, but it has actually begun, albeit rather slowly. But this is movement of a different kind—movement forward.

New correlations between domestic prices have been established. As they approach world prices, they are now mainly based on supply and demand.

As a result we are faced with the full-blown problems of production costs and the competitiveness of Russian industry.

Consequently, for the first time in three years questions not only of survival, but of the deliberate improvement of labor productivity and production efficiency on a new market basis have started to emerge. These almost forgotten words are returning to the vocabulary of industrialists and entrepreneurs.

There has been a sharp increase in the need for investments to replace and update the apparatus of production. Again there is a real basis for this in the economy—the process of accumulation, which has resumed. There is money in the country: in the accounts of enterprises and banks and in the hands of the population. But, to be frank, the mechanisms whereby it passes into investments are extremely inadequate and unstable. The lack of progress in the solution of this key problem is the main brake on the reforms at the moment.

The second very important conclusion is that the **new stage of the reforms urgently requires new approaches in all aspects of our policy**. The lessons of 1994 can be summed up briefly as follows.

First, the **moderately tough financial policy** pursued in the past two years played a certain positive role but **has exhausted its potential**. The balance between fighting inflation and supporting enterprises so as to give them time to adapt to market conditions cannot go on indefinitely.

Second, financial stabilization is not only budgetary and fiscal policy. It is not least but perhaps even more the **institutional section of the reform**: privatization for cash, the solution of the nonpayments problem, bankruptcy, the formation of a stock market, a stable exchange rate, and the development of the banking system.

In-depth transformations in the most budget-intensive sectors of the economy and spheres of society are absolutely essential in this connection. I shall be frank: Without the real reform of the agrarian sector, the defense complex, and the Armed Forces as a whole, we will make no progress at all.

In principle the outlines of these transformations have been drawn fairly clearly. With regard to the agrarian sphere, here the state must provide comprehensive assistance to developing the market infrastructure in the countryside. We will resolve the problem of the underdeveloped system of commercial seasonal credit pledged against both the future harvest and the land. The armory of the agrarian reform includes the development of the system of forward contracts to ensure state needs and incestives for private investments in the processing industry.

As for our defense complex, we will primarily defend a realistic approach to maintaining the Russian Armed Forces based on their present-day state and the immediate future.

It is clear that we are going to carry out not simply a mechanical reduction of military production units and of the army as a whole but will reform this sphere.

Third, a market reform in Russia can succeed only with the **consistent strengthening of the institutions of state power.**

Figuratively speaking, we have all thrown off the old "greatcoat" of imperial statehood. Even today there are many who are greatly tempted to don that coat again and furthermore fasten all its buttons and restore the whole arsenal of state regulation.

It is obvious today that the existing system of organs of state management in the economic sphere is beginning to slow down the progress of the transformations. That means that this system's useful life is coming to an end and that **we have to conduct a major reform of it.** We have the direct mandate of President B.N. Yeltsin to do that and have already begun work in that direction.

Since we have moved away from the old command system there is only one path to economic growth—it can only be achieved via trust in market forces and thus via a stable ruble, low market interest rates, property guarantees, a falling inflation rate, and new mechanisms of state influence on the economy working only in those areas where market self-regulation either is not working or still cannot work to full effect.

It is on that basis that we determine the main priorities of 1995-1997. Namely: **financial stabilization, private investments, and proper law and order.**

This, I am sure, fully meets the strategic goals of economic policy outlined in the president's message "On Strengthening the Russian State." Specifically, it serves the **continuation of the reform, the change of the very structure of the economic system, and the easing of the social cost of transformations.**

We were guided by these tasks when we determined the rationale of the development of the reform over the next three years. Analysis shows that we have every opportunity to **make 1995 the year of the financial stabilization of the Russian economy. To make 1996 the year that we emerge from the depression and create the preconditions for economic upturn. And make 1997 the year of the active policy of stable economic growth.**

Of course, the implementation of this plan will mean a very tight schedule for the government literally every working day. But we are convinced that our plans are feasible. Unless we achieve the breakthrough now, tomorrow we will be dragged ever deeper into the mire of a "sluggish crisis" out of which it will be even harder and more painful to drag ourselves.

the longer we wallow in this mire the longer the oppressive state of "hidden inflation" will persist, the longer we will labor under debilitating 15-20 percent inflation a month, and the less hope the ordinary citizen will have of a normal and predictable "tomorrow."

The experience of recent years shows that we can only expect to succeed if we do not lose sight of the **social thrust** of the transformations.

Ultimately this is the most true and reliable guideline. That is why the government believes that the main aim of its social policy over the next three years is to stabilize people's living standard and ensure that it rises while easing the burden of the crisis on the most vulnerable strata.

In addition to targeting social assistance better to those who really need it, main attention will be devoted to encouraging the labor and entrepreneurial activity of the economically active section of society. To this end the government is going to:

—create the conditions to boost pay by a phased lifting of the restrictions on the use of enterprises' consumption funds;

—pursue, within the framework of the fiscal reform, a moderately tough policy of taxation on high and very high personal incomes and encouraging their use for investment purposes;

—ensure an effective system for the socioeconomic protection of hired workers which includes mechanisms for the prompt payment of wages and guaranteed employment for redundant workers on the basis of a state system of retraining and skills improvement.

The priority of social policy is **the stabilization of funding for the social sphere.** To this end there will be a demarcation of responsibility between the federal and local organs of power for the implementation of social policy based on the corresponding agreements between the government and the components of the Russian Federation.

Of course, the government does not intend to stop at that. In 1995-1997 we are going to focus our efforts on the three most important social problems whose solution will very largely determine what I would call the whole future appearance of Russian society.

First, there is the implementation of the program to help **restore the population's savings**, first and foremost for the older age groups.

Second, there is the **implementation of the housing reform** and the formation of a real housing market. That is closely bound up with **incentives for housing construction** making the maximum use of the population's resources and major state support.

Third, the government intends to work with the regions in 1995-1997 to achieve major progress in resolving the difficult problem of **the transfer of enterprises' social sphere to local organs of power.**

Efforts aimed at implementing the federal anticrime program and the president's corresponding edicts are being sharply stepped up today. A special state fund is being set up to provide financial support for all the necessary measures here. Our undoubted priority is to increase the social status and socio-legal protection of staffers of the law enforcement agencies.

However, the executive alone cannot do it all here. Our legislation lags behind present-day requirements, and the adoption of vitally-needed laws and codes is clearly overdue. A fundamental legal reform must be implemented without delay. The same goes for the creation in the country of a judicial system which corresponds to the spirit and letter of the Russian Constitution.

Democracy must be able to defend itself! Our direct duty to Russians is to put an end to the anarchy created by crime.

The character of economic development today is determined less by the aims than by the **mechanisms** with which they are achieved. And that means by the answers to the questions **how, in what way, by what means, and when.**

By the way, it would be a good idea if that were borne in mind by those "friends of the people" in the State Duma who recently adopted a decision on sharply increasing the minimum wage by more than 150 percent. Tell me: Where are we to find the extra R6.5 trillion a month needed to increase wages in the budget-funded sphere alone?

You see, the whole system of labor remuneration in the national economy will actually be "blown to pieces." The extra money pumped into the economy each month will inevitably lead to a rise in prices and restore inflation to the now pretty forgotten level of the middle of 1992.

That is what such "concern for the people" means!

From this standpoint, there are three features of fundamental importance in 1995: **financial policy** in close coordination with the actions of the Central Bank, **a**

clear approach to regulation in the sphere of prices and pricing, and encouragement of investment.

All participants in the conference are in possession of the basic documents concerning **tax and budgetary policy**. There is no point in my repeating myself, therefore. Our position is well known.

Yes, the tough budget could be even tougher. Yes, we still have work to do on it. We are not dogmatists. The government is prepared to make compromises with the State Duma and the Federation Council. Both the structures of the revenue and expenditure side [of the budget] and the total sums involved could change somewhat. We will be working on this within the framework of the the conciliation commission.

There are, however, **fundamental** things where compromises will inevitably lead merely to a worsening of the overall situation. I would put the size of **the budget deficit and the means of financing it** first and foremost in that category.

We can no longer rely on inflationary sources of state expenditure financed by Central Bank credit.

I would like to stress once again that covering the budget deficit through the state securities market and the resources of international financial organizations is an act of deliberate choice by the government. Of course, this is a megatask. But times are such now that if we do not set ourselves these kind of megatasks we will make no real progress at all.

Let us remember how back in 1993 many skeptics forecast that short-term state bonds would be a resounding failure and dismissed the very idea as pure fantasy.

But the facts are that we began with a modest R230 billion in 1993, while today more than R12.5 trillion of short-term state bonds have been placed.

The same applies to the question of the reality of the size of the revenue and expenditure included in the budget. The second half of the year has already shown that, while tax collection is going slowly, the situation is nevertheless improving. Of course, nonpayments and the sheer number of tax breaks, which is unprecedented in world practice, are having a most substantial impact on the extent of the arrears. But who said that in 1995, when the tax reform starts, that this will remain as it is?

It is incontrovertible that today state expenditure is the main source for transfusing money into the economy. And the main problem is not the size of the expenditure but ensuring that it gets to the intended recipient, that strict control is exercised over its targeted use, and that it is evenly financed.

This is where we see our main potential for reorganizing and rationalizing expenditure policy. Therefore, for all the toughness of the budget, which, understandably, staggers many of our opponents, it can be fulfilled, since the whole economic policy of 1995 is essentially working to that end.

The government is far from wearing blinders here. We are open to serious professional discussion. But here too we have principles. We will not be able to accept proposals which, while purporting to clarify the priorities of structural policy, amount as a rule to continuing to pump money into the economy in order to prolong the existence of unviable production structures, even if they are ones which are dear to our hearts. Nor will we be able to accept the standard incantations about the need to freeze prices and increase state orders, which also ultimately leads to the same pmuping up of the economy with worthless, inflation-creating money. That would be a an irresponsible decision.

Therefore there can be no question of freezing prices or mandatory regulation of prices: The more such regulation there is, the greater the threat of price acceleration. **Free prices** must become established once and for all in the markets in consumer goods and agricultural produce. At the same time decisions have been made to toughen up price policy somewhat in the electricity generating industry, the gas industry, and railroad and pipeline transport, that is to say, wherever **natural monopolies** exist.

Investment policy is a specially important question. Budgetary resources here are extremely limited and, moreover, are geared for the most part toward financing plans and programs of social import. This line is being maintained throughout the 1995-1997 period.

Hence a twofold conclusion follows. First, centralized state investment aimed at production must yield the maximum return and attract private business investment. And appropriate mechanisms for competitive placment of investment and joint state-commercial financing of highly efficient projects are envisaged for this purpose.

Second, the center of gravity in investment policy is shifting toward so-called indirect and institutional measures of regulation. There are a great number of opportunities here.

We must frankly acknowledge that we have used them extremely unsatisfactorily to date: And these are the practice of accelerated amortization, various fiscal methods, investment tenders as part of postcheck privatization, the secondary issuing of shares, and specific work designed to attract the population's resources into bank deposit accounts, pension funds, insurance companies, and so forth.

We will be actively seeking to attract foreign as well as domestic investment.

It can be said without exaggeration that we are talking **about a major new area of state policy**, one generated by objective changes in the economic situation. And **this**

concentration on encouraging investment is indeed a most important feature of the new government program.

In **conclusion** I would like to say that the fate of any policy ultimately depends on **what it gives people**. Our answer to this question is as follows: stable prices, steady and reliable incomes, secure pensions and savings, growth in real wages and consumption, new jobs through increasing investment, more opportunities for enterprise and initiative, increasing law and order, and the personal safety of citizens.

This is the **social thrust** of what we are proposing. Here is the main criterion for assessing the decisions made. Here, if you wish, lies the moral core of professionalism in any sphere of activity bound up in some way with the economy.

Economic reform and everything connected with it always means pretty dry words, computations, figures, and so forth. But behind them lies something else. Behind them lies **the life of Russia and its future**. And that is our common concern. There can be no detached observers here. Mutual trust and responsibility, cooperation, and joint work on the mechanisms for overcoming the crisis constitute the most important political components and conditions of success.

We are capable of seizing this opportunity, this chance.

Efficacy of Conference Questioned

MM2911161194 Moscow TRUD in Russian 29 Nov 94 pp 1-2

[Article by Vitaliy Golovachev: "All Quiet in Kremlin Auditorium. Will Russian Republican and Regional Leaders' Trip to Moscow Be Worth It?"]

[FBIS Translated Text] Where are we up to in the course of reform, and what direction should we be heading in? Have there been any mistakes and, if so, how can they be corrected? Those are the main questions which Russians are trying to take on board today and about which feelings are running high. The State Duma, which has caused the government some problems recently, failed to pass the draft budget for 1995 proposed by the Cabinet on first reading. Opinion polls show a wide diversity of opinions in society on the question of reform. Alarming negative trends are continuing to grow alongside positive shoots. In this complex and contradictory situation a great deal was expected of the most representative and large-scale economic conference of recent times, which was held in the Kremlin last Saturday under the chairmanship of President B. Yeltsin. Members of the government, leaders of the republics and regions of the Russian Federation, Federal Assembly committees and commissions, and federal executive organs, and directors of industrial enterprises, the construction complex, banks, funds, consumer societies, corporations, companies, and associations took part in it. Also in attendance were plenipotentiary representatives of the Russian Federation president, the leaders of top judicial organs, the General Prosecutor's Office, and the Central Electoral Commission, workers from the Presidential Staff and the government apparatus, and trade union leaders. In all there were 650 people. The balcony at the Kremlin's Marble Hall was chockablock with Russian and foreign journalists who were expecting, if not sensations, at least an in-depth discussion of ways to solve our acute problems and the prospects for economic development.

But, in my view, these expectations were not fully borne out. There was no acute debate or in-depth analysis of the situation. During a number of the speeches I caught myself thinking that what was happening was too reminiscent of the famous party and economic aktiv sessions of the past. Most of the speakers (with few exceptions) voiced restrained optimism and supported the general line, by tradition raising a few local or general issues (along the lines of "we need to improve this," "it is necessary to accelerate that," and so forth). For some reason no "dissidents"—that is, people with different views about the progress of reform—spoke in the Kremlin. So it can boldly be said that "the forum was held in an atmosphere of unanimity and mutual understanding." Which, however, by no means reflects the breakdown of forces or the attitudes to what is happening prevalent among political circles and in society.

Against the general, rather "amorphous" backdrop of the conference, the short and very clearly prioritized introductory and closing speeches by the president stood out clearly. Noting that the "situation is changing" and that "there have been definite improvements," Boris Yeltsin stressed that "1994 was not lost for reform" and "the Russian economy is starting to operate on the basis of the laws of the market." While continuing the reforms, he said, it is very important to simultaneously lower the social cost of economic transformations. This is becoming the yardstick of the efficiency of the actions of all organs of power. The most important tasks for the coming period were stated. In particular, these are to slow inflation as much as possible, to stabilize production, to protect the interests of Russian producers on the domestic and foreign markets, to create favorable conditions for raising domestic and foreign investment (primarily, private investment), to prevent the collapse of leading-edge technologies and high-tech production facilities, to restore "elementary order" in the country....

The premier's report (announcement?) created a twofold impression. On the one hand, Viktor Stepanovich said some very correct things; on the other hand, there were a lot of general views and, I think, not enough analysis of specific ways to solve our current highly acute problems. Reaffirming yet again the adherence to the market and the government's intention to move from a moderately tough to a tougher policy, the premier dwelt on positive and negative trends. The positive trend is the increase in output volume in recent months, the reduced losses of worktime in October, the growth in real incomes, retail trade turnover, and meat consumption, the level of housing construction, including construction financed out of the population's own funds.... The negative points are the defaulting crisis, the technological "retreat," the lack of investment, and the inadequacy of institutional transformations.

To summarize—"reform has reached a critical point," "the phase of crisis development is near completion." But it is well known that opponents (and not only antimarket "conservatives") have repeatedly voiced their objections and adduced counterarguments on these points. The conference continually heard some well-known optimistic claims—for instance, that there is every opportunity that 1995 will be a year of financial stabilization, that 1996 will see the emergence from depression and the appearance of the prerequisites for an upturn, and that 1997 will mark the start of steady economic growth.

So who is against this? The question lies elsewhere: **How are these goals to be achieved?** Our government has very often been wrong in its forecasts and in its assessments of the situation. And the economic forecast for the current year, 1994, turned out to be wrong—the situation in the country has developed differently than "expected" in terms of the inflation rate, the production slump, and a number of other highly important indicators. We do not have to go far for examples—two weeks ago the leaders of the Ministry of Economics told me with complete confidence that inflation in November-December would be no more than 7-8 percent. But prices in November have continued to rise rapidly—as they had in October. Inflation this month has been double (!) the recent forecast—standing at 13-15 percent (it was 11 percent in the first three weeks of November). It turns out that the Ministry of Economics cannot even provide an accurate forecast for a few weeks ahead. Some natural questions arise—just how reliable are long-term government plans and how feasible are their goals?

Enterprise and organization accounts payable increased once again to stand at 147.4 trillion rubles [R] at 1 October, including R71.8 trillion in deferred debt (an increase of 22.8 percent). Around 50,000 enterprises owe money to the budget and to their suppliers. The crisis is not being remedied but is continuing to deteriorate. Just how will this most acute problem be resolved if the measures being taken are no help? Are there any new approaches and ideas? The issue remains "up in the air."

Viktor Chernomyrdin sharply criticized the State Duma decision to increase the minimum wage as of 1 January next year. The arguments quoted were indeed weighty: It will cost R15-16 trillion a month (R6.5 trillion for "budget-funded" workers alone)—where will that money come from? "The entire system of labor remuneration will be blown apart and inflation will increase—that is what this 'concern' for the people means," the premier said bluntly. But there is something else we do not understand. Why has there been silence about the fact that 5 million Russians earned less than R50,000 in September (there are no more recent figures available)—or half as much as the minimum wage? The number of poor people in Russia (that is, the population with incomes below the minimum wage) did not fall but increased in October from 30.4 to 32 million. These, incidentally, are the official figures of the Russian State Committee for Statistics. Differentials continued to deteriorate and the correlation in incomes between the 10 percent of the most and least well-off sections of the population increased from 10.8 (1993) to 13.5. And, finally, one of the most "acute" social issues—the current size of the minimum wage (R20,500)—merely discredits the powers that be, in my view, since anyone earning that kind of money could only afford to live for five days.

Not only is unemployment benefit equivalent to the minimum wage being paid to tens of thousands of unemployed people, but 200,000 workers earned less than R25,000 in September. How can these "pariahs" in their own country survive? Why has the state left them to the whim of fate? Where is the promised presidential program for combating poverty? In short, when the premier sharply criticized the Duma for its desire to help the "new poor," it would have been logical if he had also said that the government intends to resolve these highly acute problems. Alas!.... Clearly, declaring that the social thrust of reform will be strengthened is one thing, and specific steps in that direction are another.

An acute and vitally important question for Russia is the crime wave that is without precedent in the last 70 years. Touching on this subject, Viktor Stepanovich exclaimed: "Enough of keeping people in fear. We need to act, and act resolutely!" I heard these true words and thought: "Just who is stopping the president, the government, or all of society from doing this?"

In conclusion I will quote a few remarks by conference participants about government structures and the policy that is being pursued. "Supporting only efficient production facilities could lead to the integrity of the national economy being violated and the loss of scientific and technical potential" (V. Shumeyko). "The aims stated in the concept for 1995-1997 were put forward in 1992, 1993, and then in 1994 as well.... We will have to pay in the future for our mounting foreign and domestic debt" (I. Rybkin). "We must not be wrong by orders of magnitude when we are giving state orders" (G. Yefremov, general director of a science and production association from Reutov near Moscow). "The unreliability of the authorities does not inspire confidence in them" (L. Polezhayev, head of the Omsk Oblast Administration).

The "most representative" conference held in the Kremlin should perhaps have demonstrated broad support in the country for the reform policy that is being followed. In this it was partially successfully, but the issues and the difficulties giving rise to confrontation and tension in society remain. The conference was addressed by eight other people apart from those already mentioned. It all ended at 1400. Will this short event be able to in any way convince political opponents and the tens of millions of unhappy people in Russia. Or might it partly have the opposite effect? Was it rational to have republican and regional leaders converge and to convene such busy people just to hear a few speeches?

Duma Could Obstruct Chernomyrdin on Economy

MM2911142794 Moscow IZVESTIYA in Russian 29 Nov 94 p 4

[Article by Otto Latsis: "Viktor Chernomyrdin Casts Off the Old Greatcoat. How Will Parliament Respond to the Premier's Challenge?"]

[FBIS Translated Text] "Market reforms can only succeed if there is a consistent strengthening of the institutions of state power," said Viktor Chernomyrdin in his report at the conference "Prospects of the Economic Reforms in Russia" in the Kremlin 26 November.

These words hardly pleased the proponents of the traditional "state" approach ["derzhavnost'"] in the opposition camp because they were followed by an explanation of this thesis which ran as follows: "We have all thrown off the old 'mantle' of strict statehood. Even today there are many who are greatly tempted to don that coat again and furthermore fasten all its buttons and restore the whole arsenal of state regulation.... Since we have moved away from the old command system there is only one path to economic growth—it can only be achieved via trust in market forces and thus via a stable ruble, low market interest rates, property guarantees, a falling inflation rate, and new mechanisms of state influence on the economy."

The conference was held in the Marble Hall—the former CPSU Central Committee sessions hall—and in the corridors people were joking that it was like a party economic aktiv meeting. However, on this occasion the formal similarity did not reflect the essence of the matter. Aktiv meetings in days of yore were held to hand out "rebukes" and to transmit instructions "from the top down." At this conference it was the executive in the form of the president (who chaired the session) and the premier which appealed to those below it for support. And on the whole it got support, albeit not unconditional support. Apart from those who, ex-officio, had a natural right to speak (the chairmen of the chambers of parliament and the heads of the Finance Ministry and the Central Bank) the floor was also given to the leaders of the republics and oblasts and entrepreneurs. Judging by the content of the speeches, if those chosen were supporters of the position of the president and the premier the selection was not very rigorously made. In addition to the clear pro-market speeches of Anatoliy Lisitsin, head of the Yaroslavl Oblast Administration, and the entrepreneur Mark Masarskiy there were also speeches which barely concealed a nostalgia for the "planned economy." It is especially remarkable that not one of the speakers ventured to enter into a direct polemic with V. Chernomyrdin's call for a tough policy of financial stabilization. Nor was it opposed by the chairmen of the chambers, even though it was obvious that the economic views of both V. Shumeyko and I. Rybkin clearly differ from those of V. Chernomyrdin.

I should add: **Today's**Chernomyrdin. Back in January this year Viktor Stepanovich responded to criticism of the government's financial policy from former cabinet members Ye. Gaydar and B. Fedorov by refusing to take a hard line. No, you cannot take every word he says literally, and I do not intend to do so. The dynamic and positive tone of the report did not prevent the use of the following cautious phrase: The "moderately tough" financial policy which has been pursued thus far was not a mistake but has exhausted its potential. Thus far, therefore, it has been correct, but in the future it will cease to be. Things happen that way. Nevertheless, some urgent tasks could be cited which have not been implemented this year because of the lack of funds—perhaps indeed because the money was spent on matters which were not top priority.

Anatoliy Lisitsin talked about one of those tasks: The regional authorities have not received support in resolving a problem which the federal authorities dumped entirely on the shoulders of the "localities"—the transfer of social facilities from enterprises to municipalities. There is another no less important problem which was mentioned vaguely and, apparently, in an exclusively constructive sense by V. Chernomyrdin himself when he promised to begin "fulfilling the decisions" on housing certificates and housing credits next year. Thanks for that, but the decisions were adopted last summer—was it necessary to wait six months?

However, the past is behind us now. Even the most radical supporter of the reforms could only support the premier's current firm stance on the budget for the year ahead. The specialists are arguing about the reliability of the supposed sources of revenue and about how thoroughly the draft has been researched, but there is no doubting the correctness of the fundamental tenet of the remorseless fight against inflation and the rejection of the printing press as a means of funding the budget deficit. The only question is: Will that be appreciated by the deputies, many of whom in developing their economic consciousness clearly do not have that considerable experience which the head of the government demonstrated before the Russian people's eyes?

Some episodes from the Duma's activities in recent days make you fear that many deputies have still not been cured of their infantile political disorders. One such disorder is the decision (adopted on first reading) to immediately double the minimum wage despite the obvious lack of the financial resources to pay for it. In his report at Saturday's session, V. Chernomyrdin assessed the "impact" of that decision at 15-16 trillion rubles a month. In his opinion, any attempt to implement this decision will wreck the whole wages system and cause a new wave of inflation and currency speculation. The only "consolation" is that, given the entrenched practice of nonpayments—even the nonpayment of the state's obligations—this decision (if finally adopted) will simply not be fulfilled with regard to the majority of hired workers. The deputies themselves will be among the few categories of citizens for whom this doubling of pay will immediately become a reality. But the voters will have time before the elections to work out what kind of games people are playing around here.

I very much hope that parliament will not treat work with the draft budget in the same casual manner. Whatever else, the Kremlin conference provided quite a few new arguments in support of the view that genuine financial stabilization cannot be postponed any longer.

Targeted Funding for Farms Urged

MM2911111794 Moscow IZVESTIYA in Russian 24 Nov 94 p 4

[Third and final part of IZVESTIYA analysis center article under the rubric "Trillions for the Countryside: Where Did They Go? Who Did They Go To? What Did They Go On?": "3. Bottomless Pit"; for parts one and two, see pages 28-31 of 28 November Central Eurasia DAILY REPORT under headline "Views Differ Greatly Toward Agriculture Funding," and pages 25-28 of 29 November Central Eurasia DAILY REPORT, "Ministry Presents Controversial Farm Policy"]

[FBIS Translated Text] And so this year less than half the planned sum was allocated for the needs of Russia's agro-industrial complex. But even that sum has proven very impressive compared with other items of expenditure and very tangible for the budget pocket. We have already become convinced that over 8 trillion rubles [R] have produced no noticeable effect primarily where they were mostly directed. Moreover, a clear pattern has emerged: The more substantial the investments in a particular subsector the more obvious the regression and production slump there. Under conditions when everyone is short of the money required it would seem that control over its use should be particularly strict. But the situation in the regions attests to the opposite.

En Route from Moscow Money Shrinks, Gets Spilled, and Simply Vanishes

Strange incidents have occurred over the entire year with the transfer of funds promised to the regions and through virtually all possible channels and items of financing. Not a single agricultural campaign this year, **according to the Russian Ministry of Agriculture,** was financed on time.

When the spring field work was already nearing completion funds for the sowing began to reach the farms. It is primarily for this reason that the peasants did not manage to complete the sowing within the optimum agrotechnical deadlines, to apply a sufficient quantity of fertilizers to the soil, or to ensure the effective operation of equipment on the spring fields.

Only toward the end of the harvest did the main grain regions start to receive money for bringing in the harvest. Grain losses for this reason were **up to 20 percent according to the estimates of specialists from various departments and analytical services.**

The fall sowing was essentially a failure. Now we must make up for the undersowing next spring, which we will scarcely manage given the present financial relationship between the countryside and the state.

The same situation exists with regard to food purchases from peasants. **According to our newspaper's analysis center** in the majority of the country's regions money for this purpose was received with a big delay and in sums sometimes several times smaller than envisioned.

It would seem that there is a problem and that the explanation for many of our agriculture's troubles is the state's nonfulfillment of its financial obligations to the peasants. But upon an attentive analysis of the system of financing of agriculture and the effectiveness of the expenditure of the funds received, the ways these funds are passed on from the state to the peasants, and the way in which these funds disappear en route, a completely different picture takes shape.

Calculations prove that even the prompt receipt of funds would only reduce slightly the overall losses and decline. This money would still not be enough for truly effective production and the solution of the problem of mass nonpayments between partners in the agro-industrial complex and the payment of wages to the complex' workers. That is why a situation arises whereby the money received locally starts to be spent by the local authorities for purposes other than those envisaged. The need to "plug the priority holes" as it were justifies the local chiefs in their violations. But at the same time it creates a situation of lack of control all along the chain as the money passes from Moscow to the countryside. **No one seriously knows how much money has been spent, when, and on what, where the money has gotten bogged down, and how it was used.**

Here is a characteristic situation. **In Nizhniy Novgorod Oblast** subsidies were received very belatedly for payment of 30 percent of mineral fertilizers, for the purchase and maintenance of pedigree livestock, and for raw flax and hemp. The farms organized credits on the basis of these subsidies, deposited the money and... paid **large** fines for defaulting on payments. After all, the subsidies began to reach the oblast finances department only in late October.

But officials here were in no particular hurry to pay the subsidies to the rayons. It is extremely complicated to find out where the money intended for the peasants has settled and is settled. It can only be supposed that officials involved in the passage of funds are "playing" with them in their own interests. But here they are merely accepting the general rules of the game in agrotrillions. After all, the money's route from Moscow to the provinces is just as enigmatic and fraught with losses.

For instance, subsidies for raw flax and hemp have not reached Nizhniy Novgorod since the start of June, **our correspondent ascertained.** What has happened? After all, there are official notifications from the Russian Ministry of Finances that R70 million was earmarked for the oblast for these purposes 15 June and a further R99 million was earmarked 7 October. But this money has not reached the oblast and it looks as though it will never reach it now.

An independent investigation of the fate of the missing money was undertaken by R. Ivanova, chief of the oblast department of agriculture and land reform's finances and credits section.

"I traveled to Moscow three times to pick up the traces of this money allegedly released from the federal budget for the oblast," she says. "I found out that the oblast administration had, through the Russian Ministry of Finances, organized a loan totalling R30 billion since the previously envisaged funds for all our programs are not being financed because of some overexpenditure of the funds received by the oblast. The new loan went to cover that overexpenditure. That, they said, was why we had not been paid a kopek to compensate for expenditure on electricity when raising vegetables in greenhouse condition, although at the Ministry of Finances I saw with my own eyes a notification on the earmarking of R1.1 billion to use for these purposes 27 July and a further R399 million 29 July. The situation is the same with other items of expenditure. It is hard for me to judge the purposes to which the huge loans taken by the oblast administration, allegedly for the oblast agro-industrial complex, were put. The only thing that is clear is that they did not go to the countryside."

Planned Confusion

If even local agrarian financial experts get lost trying to guess the fate of the agrotrillions what can we say of the peasants themselves? **Through the efforts of our own correspondents we carried out a special study on this score.** The conclusions everywhere were the same.

A poll **by our correspondent in Penza Oblast** among the farm leaders and private farmers showed they were completely uninformed as to the size of appropriations, loans, and credits, and the principles for their allocation. **Almost none of those questioned could say what sums should have been earmarked for the oblast and for farms specifically and through which channels and for which items of expenditure.**

Actually, there is information widely known in the oblast relating to machinations in local financing. In particular at the Penzenskiy Rayon rural bank, founded by agricultural enterprises and commercial structures, peasants received credits at an annual interest rate of 230 percent last year while about 50 leaders of various ranks were made happy with credits at 8 percent.

In Yaroslavl Oblast, according to our correspondent, the peasants have absolutely no knowledge of how much of the agrotrillions has been earmarked for their oblast and how much money should arrive, and for what.

The examples and those involved could be continued. It is perfectly obvious that the present situation, in which no one in the countryside can what are fundamentally its own problems [as received] with the aid of the state in its present framework and with its present principles, disposes people toward many abuses and a new spiral of corruption and bribery locally. What can we say of the collective farms where the collective is traditionally silent if there are many such cases even among private farmers.

Here is a characteristic situation reported by **our correspondent from Ryazan Oblast.** Here in Shilovskiy Rayon a "private farmer," V. Stepanenko, in actual fact an invalid of the second group and a relation of the chairman of the local "Respekt-bank," received 100 hectares of land—she did not plow, did not sow, did not harvest, but took advantage of preferential credit of R37 million, drives round in a "Volga" with her personal chauffeur, and has acquired an apartment in Ryazan. The bank itself received support here from Moscow partners who emerged in this promising situation.

All this is very convenient for making money which is still earmarked from the budget, and in astronomical quantities moreover, but for the countryside as a whole it is still not enough when an attempt is being made to please everyone. **Everyone is living with the sense that they will not have enough money under any system and so the money which is allocated is only feebly controlled.** Here it is the bureaucrat—in Moscow and locally—who benefits as he sits in the path of the budget funds. The dealers surrounding the bureaucrat benefit. The peasant loses out. And that means primarily the peasant who could feed us, the country.

Private Farmer Suffers from Racketeers and Even More from the State

With present financing the most promising sectors and forms of economic management lose out. Because when everyone is given a little support, those which have no future receive funds to prolong their agony while those with a future are pushed toward their death.

This year private farmers increased their share in the production of agricultural output with a drastic reduction in state financing. The increase in the efficiency and revenue of private farms has attracted the attention of criminal groupings. **According to our information** this year there was a threefold increase in the number of attacks on private farms. But the damage from this cannot be compared with state financial misrule. **According to Association of Russian Peasant (Private) Farms and Agricultural Cooperatives [AKKOR] figures,** this year an average of R159,000 in financial support was paid to each private farm. That is many times less than former state aid. But these are average figures. But if you look and what the regions received, and how, the picture will prove completely different. Specialists from AKKOR and our analytical center ascertained that in a number of oblasts, in particular Kirov, Kostroma, Ryazan, Sverdlovsk, and others, not a kopek had been received from the state for the development of private farming. Yet private farming is nonetheless developing and increasing its share in agricultural production output, including in these "cheated" regions.

But if something was received then it was spent in highly dubious ways utterly in keeping with the general rules for financing the countryside whereby more money is given to those who work the worst and is directed toward areas from which the return is the least possible.

In Vologda Oblast, for instance, the local authorities assure everyone that private farming is developing well.

"Perhaps that is true," our correspondent was told by oblast AKKOR Chairman Sergey Yakovlev. "But only with regard to farmer Olga Naumenko from Kirillovskiy Rayon. Last year she was given credit of R100 million at an annual interest rate of 8 percent and a further R50 million in free aid. And now eminent guests are taken to visit her model farm. But last year I for one was able to get only R25 million in credit at an interest rate of 103 percent, although the government promised 28 percent, but at the bank I was told: If the bank gives us back the difference in the interest rates we will pass it on to you. For nine months I paid the bank 103 percent until I was given back the difference in money that by that time was devalued. But even that is not the point. What happens is that if you are a private farmer you can count on preferential credit, yet private farmers include many drunkards and idlers. But why then waste the money, is there so much money?"

No, there is not that much money. The Vologda farmer is right. In its present form state support for private farming and for the countryside as a whole is only being discredited since it is not geared toward any economic criteria or toward effectiveness.

In Rostov Oblast, for instance, they are also continuing to fight to obtain subsidies for agricultural production and the support of private farming. But even with success in this struggle **according to the calculations of our correspondent and local AKKOR specialists** no substantial advances either at agricultural enterprises or in private farming are predicted. Suffice it to say that wages arrears for workers in the oblast's agro-industrial complex are now R42 billion and extinguishing those arrears is utterly unfeasible.

The Countryside Needs Protectionism But Not As It Exists Today

The facts attest that the confusion with financing the Russian countryside reached frightening proportions this year. The agrarian lobby's demands are increasing. The return from investments is declining. The credits which are extracted are finding no clients. The subsidies which have been allocated are not being realized and even if they were realized in the planned volumes would not change anything substantially. Appropriations and returnable loans in their present volumes and channeled as they are generate only a new spiral of corruption and not the revival of agriculture.

We can no longer pay from the budget money which gives us nothing. We now have the opportunity to choose between imported food and our own food. Understandably, our own food complex is also a guarantor of political stability for which funds are needed. But the question is in what volume and on what these funds are spent.

Agrarian protectionism exists throughout the civilized world. Japan, India, and the United States sometimes restrict the import and export of food to maintain and preserve their own agricultures. The majority of developed countries use subsidies methods to observe their own agrarian policy. How are state funds channeled and on what do they go here? Their methods are completely different from ours. Here it is not a question of the mentality or specific features of a people and their economy.

We also have peasants and farms, of various forms of ownership, which could produce an effect with state support. Including those peasants whom we have often described in the newspaper.

Viktor Chumak, a private farmer from Penza Oblast, for instance, has long lost hope with regard to the state as a financial partner and he has found foreign sponsors for a joint project to develop his farm, preferring to trade himself in his food on the market to contacts with processing. And so he is not merely keeping afloat but flourishing.

Viktor Gulov in Kaluga Oblast has undertaken, on a collective farm, a gradual transition to private ownership relations and as a result has increased yield several times over and preserved the peasants' cultural and social life and social protection.

Of course, both Chumak and Gulov would need support from the state. The former for partnership, the latter to create a testing ground for new forms of transition to the market. In our countryside there are not that many people and establishments of this kind for state financial investment producing an obvious effect. And it would not be so disadvantageous for us citizens as the present expenditure on the countryside. And we would rapidly receive the effect in the form of food.

But there are no such funds in the structure of state support for the countryside. And the numerous items of expenditure on agriculture are either unpromising or known to be ineffective. Some crumbs from this financing may be snatched by semibankrupt or completely bankrupt collective farms and debt-ridden private farmers merely to avoid dying today and to prolong the agony.

According to the calculations and forecasts of specialists who took part in our investigation, the funds which are being spent today on the countryside to virtually no purpose could produce a real return if they were channeled toward priority avenues defined by state policy: primarily the privately owned sector of economic management, pedigree livestock breeding, and elite seed growing, efficient agricultural enterprises, interfarm sharing, and so forth. Mistakes are possible in determining priorities. But that is not so important or detrimental. The main thing is that the state should have priorities in agrarian policy and that the modest funds which we can earmark for agriculture should be directed where they can provide a return and should not spread out thinly for all the big eaters as is done now.

The IZVESTIYA analysis center, the institute of economic problems of the transitional period, the "SOVEKON" analytical service, editorial office staffers V. Konovalov and Ye. Yakovleva, and the newspaper's own correspondents Yu. Bespalov, A. Pushkar, A. Yershov, M. Ovcharov, S. Krayukhin, A. Aderekhin, A. Kislov, and V. Filippov took part in the preparation of these items.

Tax Police Note Income Concealment Threats

MM2911124594 Moscow KRASNAYA ZVEZDA in Russian 29 Nov 94 p 2

[Report by Oleg Bedula: "150 Ways To Breach Tax Legislation"]

[FBIS Translated Text] Kazan—An all-Russia conference-cum-seminar of the leaders of the Russian Federation Tax Police, in which representatives of more than 70 parts of the country took part, has been held here. V. Pankin, deputy director of the Tax Police Department, gave a number of figures that show that concealment of income has become a threat. More than 150 ways to breach legislation have been recorded, as a result of which the treasury has received an additional 11.7 trillion rubles—or 17 percent of budget revenue.

Military Issues

Zhirinovskiy Wants North Caucasus Troops on 'Alarm'

LD2911202494 Moscow INTERFAX in English 1918 GMT 29 Nov 94

[FBIS Transcribed Text] Leader of the Liberal Democratic Party of Russia (LDPR) parliamentary faction Vladimir Zhirinovskiy addressed Russian Defense Minister Pavel Grachev with a demand that the troops of the North Caucasian Military District be put on alarm immediately and that he explain to servicemen the hard task of fulfilling their military obligation within the context of the present situation.

The LDPR faction's press service said Zhirinovskiy had also demanded that an end be put to bloodshed and unreasonable violence. Zhirinovskiy said he believed that the North Caucasian troops must guarantee peace settlement of the conflict.

Zhirinovskiy said that if he had been elected the Russian President three years ago "nothing like the Chechen incident would have occurred. Blood of innocent people would not have been spilled."

Zhirinovskiy said that, however, "there is an opportunity during the coming elections for correcting the situation and putting an end to bloody clashes on Russian soil."

Munitions Institute's Funding Cut by '85-90 Percent'

MM2911162394 Moscow Russian Television Network in Russian 0640 GMT 24 Nov 94

[From the "Military Courier" program: Report over video of Moscow Machine Building Research Institute]

[FBIS Translated Excerpt] [passage omitted]

[Correspondent] The Moscow Machine Building Scientific Research Institute dates back to 1932. This civilian facade hides a unique, top-secret complex. Over the 60 years or so of its existence, more than 1,000 types of munitions and missile warheads have been developed within the institute's walls. What you see are prototypes of charges, many of which are without parallel in the world. The complexity of the institute's work is illustrated by the fact that it requires the collaboration of more than 600 of the most varied types of enterprises. There are only six countries in the world where the entire munitions production process from development to mass production takes place. For the time being Russia still features among the six.

While you are watching this report, elections to the recently established Academy of Artillery and Missile Sciences are taking place in Moscow. The most outstanding scientists in this field are uniting to try and save a sphere in which they were once world leaders.

[Academician Vladimir Kireyev, institute's general designer, identified by caption] The problem is not just funding, although this is frequently mentioned. Our funding has decreased substantially, by some 85-90 percent. It is also the controllability of the complex. Whereas for a relatively long time we had virtual parity with European countries...aproximately 70 percent of our technology was up to world-class standard, in some areas we were ahead, and in others we were slightly lagging. At the moment we are just managing to hang on, but in three to five years we will have fallen behind.

Defense Ministry Apparatus To Be Trimmed in Reshuffle

MK2911115094 Moscow NEZAVISIMAYA GAZETA in Russian 29 Nov 94 p 1

[Report by Andrey Streletskiy in the "In Brief" column: "The Central Apparatus of the Russian Federation Defense Ministry Will Be Cut by One-Third"]

[FBIS Translated Text] Informed sources say an edict by Russian President Boris Yeltsin has been prepared on downsizing the central apparatus of the Russian Federation Defense Ministry by 30 percent. The document has already been endorsed by the Russian Federation Government, the Security Council, Defense Minister Pavel Grachev, and the president's National Security Adviser Yuriy Baturin. Tentatively, the edict is to enter into force 1 December 1994. As a result of the planned cadre reshuffles in the Defense Ministry, three deputy ministers will lose the structures they were in charge of. These include Colonel General Vladimir Toporov (logistics), Col. Gen. Valeriy Mironov (indoctrination: This function will now pass personally to Pavel Grachev), and Col. Gen. Boris Gromov (military cooperation with the CIS countries and distant foreign states, and flight safety service). Military cooperation will now be overseen by Mikhail Kolesnikov, chief of the General Staff, and flight safety by Deputy Defense Minister Konstantin Kobets, chief military inspector). Tomorrow NEZAVISIMAYA GAZETA will publish an interview with Boris Gromov which discusses the problem of accidents in the Russian Air Forces. In Col. Gen. Gromov's figurative expression, Russian military aviation is hanging on "a word of honor, and just one wing."

Media Issues

'Full Text' of Yeltsin Decree on Ostankino TV

LD3011114094 Moscow ITAR-TASS World Service in Russian 0859 GMT 30 Nov 94

[FBIS Translated Text] Moscow, 30 Nov (ITAR-TASS)—President Boris Yeltsin has issued a decree "On Improving the Use of Channel One (Moscow) Television and its Distribution Network." Here follows the full text of the document circulated today by the head of state's press service.

"For the purposes of developing independent television broadcasting and ensuring guarantees of freedom of speech and mass information, I resolve:

1. To accept the proposal by the Russian state television and radio company Ostankino, agreed with the Russian Federal Television and Radio Broadcasting Service, on this television and radio company joining the "Public Russian Television" joint-stock company as a cofounder, with 51 percent of shares under federal ownership.

2. To establish that from the moment of its foundation the "Public Russian Television" joint-stock company will broadcast on Channel One (Moscow) television and also on the Moscow-Global satellite television system.

3. To extend to the "Public Russian Television" joint-stock company the legal management framework established for the All-Russian State Television and Radio Broadcasting Company [Russian Television]. Payment of services provided to the "Public Russian Television" joint-stock company by state communications enterprises and the television technical center are to be made according to rates set for state television and radio broadcasting companies.

4. The Government of the Russian Federation is instructed:
- to ensure within a month from the day the "Public Russian Television" joint-stock company is founded that it is issued with broadcasting licenses and licenses for communications activity in the field of television and radio broadcasting in accordance with established procedures;
- to ensure transmissions from 1 February 1995 of programs of the "Public Russian Television" joint-stock company on Channel One (Moscow) television, and also on the Moscow-Global satellite television system, while maintaining existing conditions for the distribution of programs;
- within a month from the day the "Public Russian Television" joint-stock company is founded, to adopt a decision on the legal management framework, established in point three above, on issues within the competence of the Government of the Russian Federation.

5. This decree comes into force on the day it is signed."

Regional Affairs

Sverdlovsk Charter Approved With Yeltsin Aid

MK3011112094 Moscow KOMMERSANT-DAILY in Russian 30 Nov 94 p 3

[Report by Viktor Smirnov: "Authorities Conflict in Yekaterinburg. Speaker Defeats Governor With President's Help"]

[FBIS Translated Text] The duel between Governor Aleksey Strakhov and Sverdlovsk Oblast Duma Speaker Eduard Rossel has ended in complete victory for the more experienced Rossel: The governor's resistance was rendered useless after Boris Yeltsin backed the draft charter the Duma elaborated for the oblast thanks to the speaker's persistence. In yesterday's news briefing in Yekaterinburg, Aleksey Strakhov told about the final version of the charter approved by the Duma 25 November.

Differences between the heads of the local power branches on the question of a charter for Sverdlovsk Oblast came as a continuation of the high-profile scandal surrounding the creation of a Urals Republic. Eduard Rossel, the author of the idea, who had lost the position of governor in a direct conflict with Moscow, decided to try a different tack and implement his republic dream as oblast Duma speaker. Aleksey Strakhov, new head of the administration, thought it his duty to oppose the attempt. Therefore the governor declined to sign the charter drafted by the deputies, pleading that the president's staff experts found some of the articles in the document out of keeping with the Constitution.

The conflict between the governor and the speaker threatened to develop into a protracted standoff, but Eduard Rossel once again resorted to a flanking movement. Elbowing his way into Yeltsin's reception room, the speaker not only convinced him that the draft charter was fully in line with the Constitution, but also secured the president's consent to the holding of elections for governor in the oblast. Rossel consolidated his victory first at the sitting of the conciliation commission attended by Moscow and local specialists where a new version of the charter was hammered out (which retained, in the view of local observers, all the fundamental provisions of the previous draft), and then in a special sitting of the oblast Duma where the charter was approved by an overwhelming majority of votes.

Thus, the battle around the charter may be considered at an end; the governor would hardly go against the will of the president and veto the document once again. True, for the speaker this may prove to be a Pyrrhic victory. Should Eduard Rossel be elected governor in spring, the broad powers of deputies that the charter provides for—in particular the right to confirm the chairman of the oblast government and heads of the oblast administration departments appointed by head of the administration—may prove quite inopportune for him.

Security Stepped Up on Stavropol Border With Chechnya

LD3011094394 Moscow ITAR-TASS in English 0900 GMT 30 Nov 94

[By ITAR-TASS correspondent Nikolay Styazhkin]

[FBIS Transcribed Text] Stavropol November 30 TASS—The situation in the southern Russian Stavropol region bordering on Chechnya remained quiet during the first 24 hours of the ultimatum of the Russian president issued to the rebel Republic of Chechnya.

However, the local administration ordered police to mount border control. "The task is to rule out the spread of weapons from Chechnya", spokesman of the Stavropol administration Valeriy Oliyanchuk told TASS on Wednesday [30 November].

He added that no increase in the number of Chechen refugees, no extremist or nationalist actions were registered in the region.

No concentration of Russian troops has been reported in the region either, TASS was told by competent sources. The units which were transferred here from Transcaucasia two years ago remain in barracks and are engaged in routine training, the sources said.

On Tuesday President Boris Yeltsin ordered the warring sides in Chechnya to lay down arms in 48 hours threatening otherwise to impose a state of emergency on the rebel region. The ultimatum expires early on Thursday.

Experts Say Komi Oil Spill Clean-Up Too Slow

LD2811190994 Moscow INTERFAX in English 1609 GMT 28 Nov 94

[FBIS Transcribed Text] The clean up operation and construction of protecting installations proceed too slowly near Usinsk, Komi Republic, where a Komineft oil pipeline broke down last August and September. This conclusion was made by a team of Fuel and Energy Ministry, Ministry for Emergencies, Nature Protection Ministry and Water Installation Committee experts who stayed on the site on November 22-25, officials in the Ministry for Emergencies press service reported Monday.

According to the experts, as little as 4.7 hectares of the forest tundra have been cleared up and 2200 cubic meters of oil, or just over 8 percent of the pollution, removed. A total of over 26.4 hectares had been polluted.

The experts are also worried about the stamina of the affected part of the pipeline.

Out of the 52 kilometers of a new pipeline to be laid in the first half of December just over one half have been welded, insulated and put in place. A state custom duty of 2.5 billion rubles has to be paid for the pipes that were brought to Usinsk but the oil company does not have this amount, the Ministry for Emergencies reports.

According to Komineft, shortage of funds handicaps the clean up operation. The probability is high that the operation will not be complete before the spring floods.

The spread of the oil leak is now kept in check by 30 degrees below zero Celsius frost. If, however, the clean up is not complete before the spring, the oil is bound to reach the Barents Sea.

Komineft managers believe that at least 14,000 tonnes of crude leaked. The Russian-American Nordeco ecological joint venture says that, according to air photographs, 103,000 tonnes have leaked and some oil has reached the Pechora River which flows into the Barents Sea. Western sources say that the Komi disaster is the largest since the break up of the Exxon Valdez oil tanker off the Alaskan coast in 1989.

Moscow Rejects Secondary Role in Karabakh Peace Operation

LD2911151994 Moscow INTERFAX in English 1340 GMT 29 Nov 94

[FBIS Transcribed Text] Russia will not be satisfied with a secondary role in a planned peacekeeping operation in Nagorno-Karabakh, a Moscow military source said.

The operation, planned by the Conference on Security and Cooperation in Europe (CSCE), "will not be carried out without Russia's participation," the source told Interfax on Tuesday [29 November]. But Russia feels "certain concern" over the extent to which it will be expected to take part in the peacekeeping mission, he said.

Russia's involvement in the operation is due to come up at a Russo-Azerbaijani-Armenian summit in Moscow on December 1.

Dangers of N. Caucasus Emergency Status Viewed

MM2911124694 Moscow ROSSIYSKAYA GAZETA in Russian 26 Nov 94 First Edition p 2

[Article by Sergey Karkhanin: "Fire Will Not Smolder Long. Can State of Emergency Bring Peace to Ossetian-Ingush Conflict Zone?"]

[FBIS Translated Text] The first 10 days of December will be full of important events for the North Caucasus. The state of emergency expires at the start of the month and the question of whether to extend it—as is well known, it has already been in force for three years—will arise. The situation in the conflict zone will then be discussed by the Federation Council, and, judging by past debates in the upper house of parliament on this topic, none of the possible plans will have an easy time when it comes to a vote. And, finally, the Congress of Repressed Peoples will express its position 9 December on the refugee problem—the most urgent and explosive of all the problems in the region. However the debate may end, one thing is clear—the tactic of postponing matters has virtually run its course.

The recent armed clash in Nazran between outside Special-Purpose Militia Detachment [OMON] men and townspeople confirmed that the ashes of the dying fire contain sparks capable of reviving a huge conflagration. The Interim Administration's version of events is already well known, but there is also another version—one put forward by Ruslan Aushev. It boils down to saying that the OMON, without warning the local authorities, attacked an apartment block that was home to defenseless elderly people, opened fire without the slightest provocation, and then took several entirely innocent people hostage. This version will not sound improbable to anyone familiar with the situation reigning in the conflict zone and adjoining regions....

Deputies in both houses of the federal parliament are increasingly often criticizing the Interim Administration, and with good cause. Over the past two years only 37 families have been able to return to the homes they left during the fighting in Prigorodnyy Rayon. The striking figure of 12,000 people that features in a number of reports is a fiction—the authors of the reports include among the "returnees" those who never went anywhere (as was the case in the settlement of Mayskiy, where Ossets and Ingush did not fight each other and continue to live in peace and harmony, thereby refuting the widely held extremist slogan that it is "impossible" for the two peoples to "live together").

But many homes in the zone have been burned down and destroyed; they will have to be urgently restored. The Russian Government has allocated funds, but the local authorities are in no hurry to use them. Over the past two months construction has begun on only 19 apartment blocks. At that rate the refugees will barely be back by early next century....

It would be naive to believe that the refugees are being prevented from returning by the hostility of neighbors of a different ethnic group. Here is a recent example from the settlement of Chermen—a returning woman was given a very friendly welcome by her neighbors, but then busloads of aggressive people appeared out of nowhere and carnage began.... It cannot be ruled out that a mobile organized group of extremist provocateurs is operating in the zone and that its task is to come up with all kinds of obstacles to reconciliation.

Nor can we get away from the fact that just next door is the politically seething area of Chechnya. But the cliche view that events in Chechnya are hampering a settlement of the Ossetian-Ingush conflict is not necessarily true. Here is what Magomed-Bashir Abadiyev, a member of the Congress of Ethnic Associations of Russia, who visited the North Caucasus the other day, thinks on this score:

"I believe that the two elements of the generally accepted formula should change places. Until the constitutional rights of refugees are restored in the zone, Chechnya will not change its policy of state autonomy. Chechens do not want to repeat the sad experience of the Ingush and Ossets—Chechnya is simply scared of Russia. That is why Groznyy is seeking and establishing contact with the Baltic and certain other states—and on the basis of anti-Russian sentiment. Incidentally, we should not discount the interest that a number of Asian and Near East states have in cutting Chechnya off from the unified Russian oil refining complex. Capital and weapons are being used to this end, and—if necessary—'black legions' sent in from afar will get involved on Dudayev's side. Bringing the center of fierce confrontation as close to Russia as possible is the cherished dream of those foreign politicians who have set themselves the goal of triggering a chain reaction of collapse in the North Caucasus."

So the problem of stability in the state-of-emergency zone is acquiring new political momentum. Incidentally this does not prevent mysterious armored personnel carriers from criss-crossing Sunzhenskiy Rayon with impunity—although neither Groznyy, Vladikavkaz, nor the Interim Administration agree to recognize them as their own. The deaths of several "persons of a non-Caucasian ethnic group" in a battle near Urus-Martan provide new food for conjecture.

"Criminals have now become national heroes," Vasiliy Tarasenko, chairman of the Federation Council Committee for Federation Affairs, the Federation Treaty, and

Regional Policy, believes. "The zone is being militarized. In general, neither the federal nor the regional authorities are ready to lift the state of emergency."

Nonetheless, it is clearly too dangerous to extend the state of emergency indefinitely, relying on it alone. "Will only the dead return?" asked a sorrowful elderly lady from a family of refugees for whom the few kilometers to her own home has been an insuperable distance for two years now. What answer will she get from the Russian lawmakers when the debates on the problems of the North Caucasus resume? Around 50,000 people are awaiting a decision on their fate.

Chechnya: North Caucasus Troops in 'Combat Readiness'

LD3011093194 Moscow Mayak Radio Network in Russian 0630 GMT 30 Nov 94

[FBIS Translated Text] I have to say that we here on Mayak have not received any reports of fighting on the territory of Chechnya. We already have news about the development of events, however. According to reports from the news agencies, units of the North Caucasus Military District have been brought into a state of combat readiness. A contingent troops of Russia's Ministry of Internal Affairs has been formed near Mozdok in North Ossetia. After a state of emergency has been introduced on the territory of Chechnya, this contingent will ensure that it is enforced.

Dzhokhar Dudayev, president of the Chechen Republic, has signed a decree giving Chechen courts the status of field courts martial for the wartime period.

A statement has come in addressed to Dzhokhar Dudayev from Sergey Yushenkov, chairman of the State Duma defense committee. He requests the home addresses, numbers of the military units, and the surnames of the heads of those units, of all the POW's of the Russian Army who are in Chechnya.

Aslan Maskhardov, head of the Armed Forces of the Chechen Republic, has called upon everyone, even the supporters of the opposition, to come to the square in front of the presidential palace today with arms in hand to defend the sovereignty of Chechnya.

Stavropol Cossacks Support Yeltsin View on Chechnya

LD2911141494 Moscow ITAR-TASS in English 1335 GMT 29 Nov 94

[By ITAR-TASS correspondent Nikolay Styazhkin]

[FBIS Transcribed Text] Stavropol November 29—Stavropol Cossacks support the Russian president's view that the bloodshed in Chechnya should be stopped, the lives of prisoners be saved, the wounded be given medical aid. Cossacks also believe there should be no hesitation about achieving this. Pyotr Fedosov, ataman of the Caucasian Cossacks, chief of the department for the affairs of Cossacks in the Stavropol territorial administration, said this to ITAR-TASS.

Fedosov believes uncertainty in actions of the Russian authorities regarding the Chechen Republic resulted in the fact that the Chechen people landed in conditions of a legal and economic disaster. Because of this, representatives of all Slavic peoples residing in Chechnya now experience difficulties.

"Peaceful means for coping with the situation in Chechnya have been exhausted", Fedosov believes. "Far from everybody in Chechnya will agree to disarm. Therefore Russia is obliged to use force if the Russian president's ultimatum about putting a stop to military confrontation resulting in the loss of life is ignored by the Dudayev regime and by the opposition".

Ingush President Offers Mediation in Chechen Settlement

LD2911172094 Moscow ITAR-TASS in English 1647 GMT 29 Nov 94

[FBIS Transcribed Text] Moscow November 29 TASS—Ingush President Ruslan Aushev is ready to mediate peaceful settlement in the Chechen republic.

"Bearing in mind the aggravated situation in the neighbouring Chechen republic, I think that political ways of settlement have not been fully used," says an appeal of Ruslan Aushev to Russian leader Boris Yeltsin.

He praised Yeltsin's adherence to democratic principles, expressed the assurance of his wisdom and authority and called on Yeltsin to do everything to achieve peaceful settlement in Chechnya through political means.

Nalchik Protests Against Yeltsin Chechnya Interference

LD2911151694 Moscow INTERFAX in English 1340 GMT 29 Nov 94

[FBIS Transcribed Text] A massive meeting in protest against Russia's interference in the events in Chechnya was held in Nalchik, the capital of Kabardino-Balkaria on Monday [28 November]. The participants adopted a resolution which says that "if Russia escalates its military interference in the events in Chechnya, a new Russian- Caucasian war may begin which will be suicidal for the Russian Federation as a multinational state."

The demonstrators urged the Russian president and defense ministry to "demonstrate common sense, stop interference in Chechen affairs and withdraw the Russian troops from the Caucasus, and tackle all problems on the basis of political methods." They also urged the leaders of the North Caucasian region and the Federal Assembly's deputies representing the North Caucasian republics, territories and regions "to take urgent and resolute measures to prevent the escalation of the Russian troops' presence in Chechnya."

Chechnya's Neighboring Regions Appeal to Yeltsin

LD2911151194 Moscow ITAR-TASS World Service in Russian 1401 GMT 29 Nov 94

[FBIS Translated Text] Moscow, 29 Nov (ITAR-TASS)—The situation in the Chechen Republic is becoming more acute with every day, every hour. There is, in effect, a civil war under way on the territory of the Russian Federation, the blood of civilians is being shed, says an appeal to Boris Yeltsin from the leaders of the component parts of the Russian Federation neighboring on Chechnya. The Russian president's press service handed the text of the appeal to ITAR-TASS today.

The authors of the document appeal to the head of state as the guarantor of the Russian Federation Constitution, the rights and freedoms of the individual and the citizen, proposing that he should immediately put a stop to the bloody conflict in Chechnya and take all possible measures to introduce constitutional order, defense of the rights and legitimate interests of citizens and most importantly of these, the rights to life and safety.

The appeal was signed by President Aslan Dzharimov of the Republic of Adygeya, President Valeriy Kokov of the Republic of Kabarda-Balkaria, and the heads of administration of Stavropol Kray—Yevgeniy Kuznetsov, of Rostov Oblast—Vladimir Chub, and Vladimir Khubiyev, the head of state and prime minister of the Karachay-Cherkess Republic.

Gorbachev Opposes State of Emergency for Chechnya

LD2911151494 Moscow ITAR-TASS in English 1443 GMT 29 Nov 94

[By ITAR-TASS correspondent Tamara Zamyatina]

[FBIS Transcribed Text] Moscow November 29 TASS—Ex-Soviet President Mikhail Gorbachev has supported an appeal of Boris Yeltsin to stop bloodshed in the Chechen Republic but opposed his idea of possible state of emergency in Chechnya.

"We may have the second Caucasian war if troops and tanks are introduced in the Chechen Republic. I know what I am saying. I worked in the Caucasus for many years and know local traditions well," said Gorbachev.

The ex-Soviet leader called on the Russian authorities to stop bloodshed in Chechnya "through political contacts, including those with Dzhokhar Dudayev". In his opinion, "rejection of Dudayev and the search for another settlement formula resulted in bloodshed". Gorbachev thinks that the parliament and Russian public figures should be involved in negotiations with the Chechen Republic and "the military way should be excluded". He said he is surprised that Russian politicians are unable to stop bloodshed in Russia while paying so much attention to Bosnian settlement.

Communist Leader on State of Emergency in Chechnya

LD2911143594 Moscow ITAR-TASS in English 1404 GMT 29 Nov 94

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow November 29 TASS—The state of emergency is the last step "that may entail most grave consequences if made without consultations and negotiations of the presidential and government teams with all parties to the conflict," Russian communist leader Gennadiy Zyuganov told ITAR-TASS today.

Commenting on the statement of the Russian president, Zyuganov said that Chechnya has long lived on its own laws which resulted in a civil war. "The Russian president and the government should have timely reacted to these facts," he added.

The Russian Communist Party stands for "using all political methods, personal meetings and negotiations with any side in the Chechen Republic in order to agree on termination of bloodshed," said Zyuganov.

An immediate meeting of the Federation Council is necessary in addition to a Duma meeting to discuss the Chechen situation, he said.

The communist leader called on the warring sides in Chechnya to abstain from lynching POWs or political opponents "since this will result in revenge and increasing mutual dislike, on one hand, and fail to settle a problem, on the other hand."

Plane, Two Helicopters Reportedly Downed in Chechnya

LD3011120394 Moscow INTERFAX in English 1048 GMT 30 Nov 94

[FBIS Transcribed Text] "Planes were flying over Chechnya's capital Groznyy all through last night," a spokesman for Chechnya's Army Headquarters reported to Interfax Wednesday [30 November] morning. By his claim, "they imitated the landing of paratroopers."

Earlier, a number of targets, according to information from Chechen authorities, was subjected to aerial bombardment. According to the Chechen military, "a war plane and two helicopters were shot down."

As an Interfax reporter has been told at Chechnya's State Security Department, rescue teams are to be sent on Wednesday to identify the downed aircraft.

According to the security department, Tuesday's air strikes were aimed at Groznyy's civilian airport, at a former aviation center near the Kalinovskaya community, the Naurskiy area, and at some of the capital's residential parts. As a result, 14 people died and all the planes at the Groznyy airport were burned down.

Meanwhile, by reports from the Chechen capital, Dzhokhar Dudayev's supporters re-assembled in down town Wednesday. "The central square is crammed with people. Everyone is prepared to die for the freedom of the republic," the spokesman declared.

Chechen Update: 'At Least 300' Killed, 80 Missing

LD2911195494 Moscow Ostankino Television First Channel Network in Russian 1800 GMT 29 Nov 94

[From the "Novosti" program]

[FBIS Translated Text] The lull in hostilities which had set in Chechnya after the fighting in the republican capital on the 26 of November was interrupted today by a bomb strike carried out by four airplanes on Groznyy airport. One of the airplanes was downed. The opposition's ground forces, withdrawn to the populated areas of Tolstoy-Yurt and Urus-Martan, do not plan a new offensive and are busy with military patrols on the roads leading to Groznyy.

Reports on the losses suffered by both sides during the fighting in Groznyy on 26 November are being verified. It is known today that at least 300 people have been killed on both sides and about 80 are missing. The peaceful population regards the events that have happened as a national tragedy. On 29 November both Umar Avturkhanov and Ruslan Khasbulatov expressed condolences to the relatives of those killed in Nadterechnyy and Groznyy areas.

Boris Yeltsin's morning statement was the main subject of discussion in the republic.

[Begin Beslan Gantemirov, commander of the Interim Council's united forces, recording] The statement came as a surprise, especially at a moment when we were getting ready to storm the town once again. But I think that in order to avoid further bloodshed, we will suspend military actions, and in this way Yeltsin's instructions will play the decisive role. [end recording]

[Begin O.Satuyev, fighter, recording] I am fed up with this life. I want to return to peaceful life, to put on a suit, to shave myself, to walk about the town. I am fed up with fighting. [end recording]

On the border with Chechnya, Russian servicemen continue to work as usual and carry out border check-ups. According to officers, they have not received any orders linked to the Russian president's statement.

Bombing Raid on Groznyy Airport Said To Kill 10

LD2911175694 Moscow INTERFAX in English 1621 GMT 29 Nov 94

[FBIS Transcribed Text] Tuesday's rocket and bombing raids against the airport in Groznyy's suburb claimed 10 lives and destroyed all civilian aircraft, airport chief Ramzan Aliyev has said. He added the airport building and all civil infrastructures were ruined, too.

Six to eight planes made six strikes, firing all the ammunition they carried.

Four Su-27's Reportedly Carry Out Groznyy Attack

LD2911134094 Moscow Mayak Radio Network in Russian 1300 GMT 29 Nov 94

[FBIS Translated Text] Our correspondent Anton Zharov is now in the studio next to me. He has just come in as the bulletin is going on with urgent news. Anton, what is it all about?

[Zharov] Literally 40 minutes ago, Groznyy was again shelled, bombed. Just at that very moment, Groznyy's official reaction to Boris Yeltsin's statement was being read out at a news conference held by Dzhokhar Dudayev, the president of the Republic of Chechnya. This is what an employee of CHECHENPRESS, Aslanbek Dadayev, reported to me over the phone literally 20 minutes ago.

[Begin Dadayev recording] The center of the town of Groznyy has been shelled, subjected to rocket shelling from four Russian Su-27 combat planes. The shelling targeted the center of the town of Groznyy where a many-thousand strong rally is being held in support of Chechen independence, and the civilian airport. It is still too early to talk about victims but there have been victims among the civilian population. To the east, in one of the eastern outskirts of the town of Groznyy, near the Argun river, smoke can also be seen. According to initial information, it has just been reported that a plane has exploded there. At the time of the shelling, a news conference by Dudayev with foreign journalists was being held on the eighth floor of the Presidential Palace and the Procurator General Usman Imayev was just reading out a government statement, and then at that point shelling of the presidential palace began. We have just been told—two helicopters and one plane—in one of the suburbs of Groznyy. [sentence as heard] [end recording]

Su-27 Brought Down Over Groznyy by Stinger Missile

LD2911180794 Moscow INTERFAX in English 1621 GMT 29 Nov 94

[FBIS Transcribed Text] One of several aircraft with Russian markings carrying out a bombing mission on Groznyy was brought down on Tuesday [29 November] afternoon above the city. The headquarters of Chechnya's armed forces reported to Interfax that the aircraft was hit by a Stinger guided missile. The aircraft fell within city limits.

It is believed that Stinger guided-missile complexes were shipped to Groznyy by Islamic leaders who repeatedly offered aid to Chechnya both in the form of arms and personnel.

According to headquarters, as many as six Su-27 aircraft subjected civilian districts in the central part of Groznyy to air strikes. The number of casualties and damage is not known at this time.

President Dzhokhar Dudayev's news conference was postponed due to the bombing. Prior to the planned beginning of the press conference, destined to be interrupted by the air raid, the republic's government voiced a statement which underlined that Chechnya intends to answer "with adequate measures to defend its sovereignty."

According to a more precise information, several apartment buildings have been damaged in Groznyy during the air raid on Tuesday, a great damage has been inflicted to the Khankala airport (suburbs of Groznyy), the main staff of Chechnya's armed forces reported to Interfax at 17:00 [1400 GMT].

The main staff reports that the governmental forces brought down an aircraft with Russian markings and two helicopters which fell near the collective farm Rodina. There are video documents which have fixed this fact and now Chechen television is showing these materials about the aircraft and two combat helicopters brought down by the governmental forces by counterfire.

Chechen Opposition Denies Downing

LD2911202694 Moscow INTERFAX in English 1918 GMT 29 Nov 94

[FBIS Transcribed Text] A representative of the Chechen opposition Interim Council denied in an interview with Interfax that a military plane had been shot down above Groznyy today.

The Chechen Armed Forces Chief Headquarters said today that six SU-27 military jets had bombed Groznyy this afternoon. The same source said one of the planes had been brought down by a Stinger missile and had fallen down in Groznyy. An airport in the outskirts of Groznyy was destroyed as a result of the air attack, the same source said.

Military sources in the North Caucasian Military District told Interfax that all planes of the Russian Air Forces and Air Defense Forces stationed in North Caucasus remained in the airports today and that pilots were being trained on the ground.

Seventy Russian Officers Reported Among Prisoners

LD2911142994 Moscow Voice of Russia World Service in English 1200 GMT 29 Nov 94

[FBIS Transcribed Text] To mark the victory over the armed opposition a column of prisoners seized during the abortive assault on the Chechen capital Groznyy were led along the streets of the city.

The Chechen authorities say that tens of tanks and armored troop carriers took part in the assault—15 of those were destroyed. Over 300 militants of the opposition were killed and over 100 were taken prisoner—70 of these are Russian officers, the authorities say, yet the Russian Defense Minister Pavel Grachev says that the Russian army is not involved in the developments in Chechnya.

A check-up of the lists of Russian tank personnel who fought on the side of the opposition has shown that they received money as ordinary mercenaries. Lately the Chechen authorities have denied rumors of the executions of opposition militants.

Russia's Armed Forces 'Not Involved' in Raid

LD2911144494 Moscow ITAR-TASS World Service in Russian 1411 GMT 29 Nov 94

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Translated Text] Moscow, 29 Nov—Russia's fighter planes were not involved in the events in Chechnya. "Russia's armed forces are not involved in today's rocket and bomb attack on Groznyy by fighters." This was stated today to ITAR-TASS at the information and press directorate of the Russian military department.

Unconfirmed Report Says Dudayev To Release POW's

LD3011113894 Moscow Russian Television Network in Russian 1100 GMT 30 Nov 94

[From the "Vesti" newscast]

[FBIS Translated Text] According to a latest report from RIA, the State Duma's Defense Committee has received an as yet unconfirmed message that Dzhokhar Dudayev is prepared to release all Russian POWs and suggests that Moscow should send an aircraft to collect them. He also invites representatives of the Russian Parliament and press to attend the handover ceremony. The agency has learned this from Sergey Yushenkov [chairman of the Duma Defense Committee]. He also said he was ready to fly to Groznyy as soon as the message was confirmed.

Chechnya Provisional Council Delays Cease-Fire Decision

LD3011111094 Moscow ITAR-TASS World Service in Russian 1038 GMT 30 Nov 94

[By ITAR-TASS correspondent Ruslan Maysigov]

[FBIS Translated Text] Znamenskoye (Chechnya), 30 Nov—After Russian President Boris Yeltsin's appeal to the participants of the armed conflict in Chechnya, the Provisional Council of this Caucasian republic within the framework of the Russian Federation stopped all combat actions. However, Ruslan Martagov, the Council's press secretary, told an ITAR-TASS correspondent today that so far no final decision has been reached in response to the demand of the Russian head of state that the opposing sides lay down their arms.

He said that on Tuesday the Provisional Council discussed the situation that has developed till late in the evening and is "ready in principle" to accept the conditions for ceasing combat actions. The press secretary said that today, toward evening, there will be another sitting of the council, which will probably reach a decision.

Assault on Groznyy Suspended Following Yeltsin Statement

LD2911153494 Moscow ITAR-TASS World Service in Russian 1515 GMT 29 Nov 94

[By ITAR-TASS correspondent Ruslan Maysigov]

[FBIS Translated Text] Znamenskoye (Chechen Republic), 29 Nov—The assault on Groznyy has been suspended following the Russian president's statement on the situation in Chechnya, Interim Council press secretary Ruslan Martagov told the ITAR-TASS correspondent today. He said the opposition had been forced to embark on the road of armed struggle only because there were no other options left to defend the population from the arbitrary rule of the Dudayev regime.

The ITAR-TASS correspondent learned that the armed forces of the Interim Council are moving up to Tolstoy-Yurt, where a new column is being formed, which had been going to make an assault on Groznyy before the Russian president issued his statement.

Opposition Suspending Offensive

LD2911172594 Moscow ITAR-TASS in English 1647 GMT 29 Nov 94

[By ITAR-TASS correspondent Ruslan Maysigov]

[FBIS Transcribed Text] Znamenskoye, the Chechen republic, November 29 TASS—The Chechen opposition has suspended the offensive due to the ultimatum of Russian President Boris Yeltsin produced to the Chechen warring sides, press secretary of the Chechen Provisional Council Ruslan Martagov told ITAR-TASS today.

In his words, the opposition had to fight because it had no other way to protect the population from arbitrary rule of Dudayev's regime.

Troops of the Provisional Council are being moved to the settlement of Tolstoy-Yurt to form a new column. Before the Russian president issued his statement, this column was planning to attack the town.

Dudayev Condemns Yeltsin Statement, Bombing

LD2911163994 Moscow Mayak Radio Network in Russian 1500 GMT 29 Nov 94

[FBIS Translated Text] [Announcer] Our correspondent Anton Zharov has managed to get communicate once again with Groznyy and he held a conversation with Chechnya's President Dzhokhar Dudayev. He asked him to give his assessment of the situation that has arisen in the republic after Boris Yeltsin's statement. Now listen to their conversation:

[Begin Dudayev recording] The people regards the statement itself as yet another act of violence, intimidation, and blackmail. The whole people has risen up—all the citizens of the republic regardless of nationality or ethnic group. The square in Groznyy is filled with the whole civilian population demanding the end of aggression. Otherwise it may lead to a situation in which those who will suffer most are people of non-Chechen origin; and they are already suffering.

At 1530, while the news conference was being held in the presence of over 20 representatives of the foreign press, the town of Groznyy was directly, without a twinge of conscience, fired upon; men and beasts, people, citizens, everything that was in the way just fell.

This statement showed where, according to the appeal of the people and the citizens...[pauses] Thank you, Boris Yeltsin. Now the people have learned the source of the threats of aggression and violence.

Everything that was said in that statement has happened precisely as Boris Nikolayev predicted. Combat actions here have ceased. Except that the Russian Air Force is making strikes against the undefended town and the peaceful population.

The opponents have laid down their weapons, every single one. The armored equipment has been completely surrendered. The constitutional structure has been restored. The government is fully in control of the situation and is engaged in restoring the national economy.

Thus, the grounds for disquiet expressed in Boris Yeltsin's statement—that this needs to be done and that needs to be done—are totally lacking both for the Russian leadership and the Russian people. The equipment has been seized from the interventionists and they have been disarmed. They are all under arrest.

Government commissions and governmental brigades, state committees that have been set up have been set up again. Lawyers are busy with juridical questions of the legality of the violations. Economists are engaged in estimating the material and economic damage. Production experts are engaged in restoring production. In general the government and the citizens should get on with their usual business.

The people are holding rallies. Representatives of all peoples, all nationalities have been coming here since the summer from all ends of the earth. There are reports that people are coming here from Near Eastern countries. I have just received reports that they are even going to fight their way through if anyone opposes them.

No talks at all are required here. In 1992 Russia set out its national concept and state policy in the Caucasus, in which it included Chechnya, Dagestan, and Azerbaijan among its potential enemies. From this stems the political program of those who carry it out—the special services and the hawks. None of them intends to go in for talks. They all want secret talks to try to persuade us. Some one comes here and says: Let us whisper together. Let us have a little talk. But we say: Come officially with some document showing that you are empowered to hold talks. There have been so many of these secret talks. But it is necessary to hold talks with someone who bears responsibility for the results of the talks and there has been no sign of anyone like that in Russia yet. [end recording]

[Announcer] That was a statement by Chechen President Dzhokhar Dudayev. People of non-Chechen origin are suffering. That report makes me very worried. But the tone of the statement, as you heard, is optimistic, disciplined, and confident.

Compliance With Yeltsin Appeal Urged

LD3011120094 Moscow ITAR-TASS in English 1131 GMT 30 Nov 94

[FBIS Transcribed Text] Moscow November 30 TASS—Prominent politician Doku Zavgayev, who was head of the Soviet-era Chechen parliament, has called on his compatriots today to heed President Yeltsin's appeal and stop the bloodshed in Chechnya.

Zavgayev's statement circulated by the press service of the State Duma today, says that Boris Yeltsin's proposals to put an end to the confrontation in Chechnya is the expression of concern about the Chechen people.

"We should comply with the terms contained in the president's address and we shall save the people from a bigger mischief," Zavgayev said. "We should lay down arms and must realize that things cannot go on like this," he added.

Unknown Person Added Words to Yeltsin's Chechnya Address

LD3011115994 Moscow Russian Television Network in Russian 1100 GMT 30 Nov 94

[From the "Vesti" newscast]

[FBIS Translated Text] We have received another report from the same agency [RIA], which raises more questions than it answers. The text of the presidential address to those involved in the armed conflict in Chechnya, as signed by the president, contained no mention of the possibility of a state of emergency being imposed on the republic. This was stated by Sergey Yushenkov, chairman of the State Duma defense committee. He said this was confirmed today by Oleg Lobov, secretary of the Security Council, to whom the deputy had addressed an enquiry following a telephone conversation with an aide to [Chechen President] Dzhokhar Dudayev.

It is not yet known by whom and at what level the words were inserted in the text, but they were read out and evoked a response in the top echelons of power.

Chechnya Said To Respond to Yeltsin Address

LD2911133194 Moscow INTERFAX in English 1100 GMT 29 Nov 94

[FBIS Transcribed Text] Chechnya's formal response to President Yeltsin's address will come shortly after the document has been thoroughly studied, Musa Merzhuyev, the Chechen president's representative at the republic's Military Headquarters reported in an interview with Interfax Tuesday [29 November].

Interfax has learned from well-placed sources in Groznyy that President Dudayev is informed of Yeltsin's message.

In Merzhuyev's opinion, Yeltsin's address to the warring factions in Chechnya will only lead to rallying all Chechens together. "It will inevitably make those who have been blindly following the opposition leave it," he remarked.

Merzhuyev said that judging by the content of the message, the Russian president has been inaccurately informed about what is going on in Chechnya. He stressed that mercenaries have been employed for combat missions by "the so-called opposition" rather than by government troops.

Chechen Government Statement on Yeltsin Address

LD2911150694 Moscow ITAR-TASS World Service in Russian 1453 GMT 29 Nov 94

[FBIS Translated Text] Moscow, 29 Nov (ITAR-TASS)—The address by the Russian Federation president and, furthermore, the attempts to put it into practice, give the Government of Chechnya the right to take appropriate steps to defend the independence and territorial integrity of its state. Thus reads a statement circulated today by the government of that republic.

The address by the Russian head of state is described in this document as contradicting international legal norms.

Moscow Set To Use Military Force in Chechnya

MK3011105094 Moscow KOMMERSANT-DAILY in Russian 30 Nov 94 p 1

[Report by Dmitriy Kamyshev under the "Situation in Chechnya" rubric: "Boris Yeltsin Gives Two Days for Reflection"]

[FBIS Translated Excerpt] [Passage omitted] Although there have been repeated instances in modern Russian history where the president softened the tone and meaning of his harsh statements, yesterday's statement by Yeltsin is unlikely to share this fate. First, many influential Russian politicians have already spoken up in support of tough measures; second, both warring factions are prodding Moscow to resolve the Chechen conflict by force: the opposition by its inability to overpower Dudayev, and the Chechen authorities by their stubborn unwillingness to part with the idea of Chechen independence. [passage omitted]

Meanwhile, the very possibility of Moscow's peaceful steps in this situation raises serious doubts. In fact, a peaceful solution to the conflict is possible only in two cases: if the Russian leadership puts up with Chechnya's secession and switches its relations with it to an interstate mode, or if Dzhokhar Dudayev gives up independence and complies with Yeltsin's ultimatum. Since the likelihood of both these developments is infinitely low, statements by Security Council members on the peaceful nature of measures under discussion should apparently be interpreted as a tactical ploy aimed at deceiving the enemy. The utmost seriousness of the decisions discussed was indirectly confirmed by the fact that right after the Security Council meeting, Prime Minister Viktor Chernomyrdin canceled his trip to Novosibirsk scheduled for 1 December.

The main debate during the meeting appears to have focused on the procedure and scale of forcible actions to be taken in Chechnya. If the situation is to be taken under control, the Kremlin can now resort only to two scenarios: a "classical" scenario involving a gradual redeployment of internal troops units into the republic to assume control over post offices, bridges, telegraph communications, and so forth; and an "Afghan" scenario including the airlifting of special-purpose units to Groznyy, a swift assault on the presidential palace, and the rescue of hostages. The first method is less risky, but Moscow already has a bitter experience of applying it in Chechnya three years ago. The second option was successfully tested in the countries of "people's democracy" in the past, but it may involve considerable casualties.

The president will apparently make a definitive decision on the use of military force, taking into account stances by chiefs of the power agencies: They stand to benefit most from this solution to the "Chechen problem" if it proves successful, but they will turn out to be scapegoats in case of failure. And if, for instance, Pavel Grachev wishes to prove that he is actually the best defense minister in the past several years, the president, to all appearances, will give him an opportunity to do so.

Foreign Ministry: Chechen Situation 'An Internal Affair'

LD2911181194 Moscow INTERFAX in English 1621 GMT 29 Nov 94

[FBIS Transcribed Text] Moscow expects that what is happening in Chechnya will be considered in the world as an internal affair of Russia, Deputy Russian Foreign Minister Sergey Krylov told Interfax on Tuesday [29 November]. He expressed hope that the neighboring countries will show restraint on the score.

"We repeatedly said that Chechnya is part of the Russian territory, which is not recognized by any country in the world as an independent state. I believe that the address by Russian President Boris Yeltsin to the conflicting sides in the Chechnya and the developments there will be treated in the world as solely an internal affair of Russia," said the senior diplomat.

Chechens Appeal to Islamic States for Support

LD2911171494 Moscow ITAR-TASS in English 1648 GMT 29 Nov 94

[FBIS Transcribed Text] Groznyy November 29 TASS—The Chechen foreign ministry has estimated the appeal of Boris Yeltsin to participants in the bloodshed as an ultimatum and declaration of war and appealed to heads of Islamic states for support. The ministry urged Islamic heads not to stay indifferent to the fate of the Chechen people.

"The Russian leadership continues the policy of violence and elimination of the Chechen people," says the statement.

MVD Troops Chief: Chechnya Terrorism Possible

LD2911153894 Moscow ITAR-TASS World Service in Russian 1504 GMT 29 Nov 94

[By ITAR-TASS correspondent Yelena Gorelova]

[FBIS Translated Text] Moscow, 29 Nov—Colonel General Anatoliy Kulikov, commander of the Russian internal troops, does not rule out the possibility of terrorist acts being perpetrated by Chechen fighters. He is particularly concerned in this connection about nuclear power stations and other strategic targets. The Col. Gen. said at an itinerant briefing at the main directorate of the commander of the interior troops of the Russian Ministry of Internal Affairs [MVD] that of late there had been 10 anonymous telephone calls at Russian nuclear power stations about bombs being planted, although in each case the information had not been confirmed.

According to Kulikov, the internal troops had stepped up their guarding of strategic targets since the exacerbation of the situation in Chechnya.

The commander also stressed that it is within our power to alter the situation in zones of protracted conflicts, thus preventing a repetition of a Chechnya-type development of events.

Dudayev: Emergency Would Mean Caucasus War

MM2911202794 Moscow KOMSOMOLSKAYA PRAVDA in Russian 30 Nov 94 pp 1, 2

[Report by special correspondent Aleksandr Yevtushenko incorporating interview with President Dzhokhar

Dudayev in Groznyy; date not given: "Women and Children Evacuated From Groznyy"]

[FBIS Translated Text] Yesterday in the second half of the day official Groznyy reacted to Boris Yeltsin's ultimatum by declaring a general evacuation and preparing for the state of emergency. Vehicles carrying weapons to be issued to volunteer militia members were sent to the city center. All communication with the outside world is being cut off.

The last shots had barely ceased when workers' detachments appeared in Groznyy. They came not to demonstrate their support or protest but to work. Streetcar and trolleybus lines destroyed by tanks are rapidly being restored. Windows and store windows blown out by explosions are being glazed. This labor blitz might have seemed strange to many city inhabitants had an emergency government session chaired by Dzhokhar Dudayev not been broadcast on local television the previous day. During it he literally demanded that his ministers channel all manpower and resources into the fastest possible restoration of everything destroyed during the assault. It was at this point that the Chechen president began our conversation.

[Dudayev] The main brunt of the bandit formations' strike was borne by peaceful inhabitants, their homes, and city utilities. The city was left without transport communications, and in places electricity was cut off and water supplies were affected. The most immediate and the main task is to restore all this. They also fired at the government palace, at my office windows. But more as a warning. When the assault began I made a diversionary maneuver: I sent my car from the palace toward my home. The bandits decided that I was not here and started using their guns to shell the state security department and the MVD [Ministry of Internal Affairs]. During all this time I was at my workplace. Although it cannot be said that I directed the defense. Such a bold breakthrough by the enemy took us by surprise. Therefore there was no time left to properly organize resistance. The city's only defense coordination center was operating. Which, incidentally, is not defended by anything. Therefore what the resistance forces managed to do was all the more surprising. I do not know of more cases whereby two tanks were simultaneously destroyed by one shot from a grenade launcher. Whereby in a matter of minutes one tank destroyed five enemy armored vehicles. There were many such examples here.

[Yevtushenko] A serious blow was undoubtedly inflicted on the opposition forces in the Groznyy events. What is the likelihood that they will quickly recover and make another assault soon?

[Dudayev] If you are talking about bandit formations—what kind of opposition is this: without a clear political platform or civilized methods of struggle—its days are numbered. Something else is of concern: It is not a band of criminals that is now waging war on the people but the leadership of a vast country—the Russian Federation. During the three years of our independence Russian troops have repeatedly invaded the republic's territory. Now we are seeing naked aggression. Not only are the bandits fighting with Russian weapons and for Moscow's money. There are also Russian Army officers in their ranks. It is they who, having been captured, are saying: "Give us the weapons, we will die to get our revenge on the commanders who deceived us and pitched us into this hell." But only yesterday they were preparing for a victory parade over the Chechen people. We do not intend to kill these people. That is not our tradition. Investigators are working with each one. The prisoners' fate will be decided by a court. The Russian military leadership has already abandoned its officers. Now they are simply mercenaries.

[Yevtushenko] You once stated that other states' soldiers are prepared to fight on your side too....

[Dudayev] I will tell you about this right now. Volunteers from the countries of the Arab world are increasingly insistently requesting permission to come to Chechnya to fight aggression. They have now moved into adjacent states and are living in camps and waiting for the "green light" from me. I am not talking about detachments that have come to our aid at this time from Bulgaria, Karachay, Adygea, and Dagestan. The second Caucasian war has already begun. But it is increasingly threatening to engulf the entire Caucasus. This will happen if President Yeltsin carries out his threats and tries to introduce a state of emergency in Chechnya and establish a military dictatorship regime here. [Dudayev ends]

Yes, yesterday's statement by Yeltsin caused a big stir in Chechnya. It was probably precipitated primarily by concern over the fate of Russian citizens who have been taken prisoner. At any rate, before this the country's political leadership turned a blind eye to intra-Chechen clashes: "Anything for a quiet life." While the military leadership—and this is worse—threw wood on the fire in the form of armored vehicle and weapons deliveries to the opposition. But the plans for a coup in Chechnya at the hands of the Chechens themselves did not succeed, and matters went too far.

"Undoubtedly, Dudayev has made many mistakes in his post," I was told yesterday by Shamil Basayev, commander of the "Abkhaz" battalion, "and I would not vote for him in the next presidential election. But he has achieved the main thing: People believe in the idea of the republic's independence, and many are prepared to die for their sovereignty and freedom. Therefore such gross interference by Russia as the declaration of a state of emergency is a terrible mistake. After all, we have already gone through that, when then-Vice President Rutskoy declared a state of emergency in the republic. This merely united the people around Dudayev. The same will happen now. I am sure that even most of the remaining opposition detachments will turn their assault rifles against the Russian soldiers."

When this issue appears on the newsstands the Chechen leaders will have only 24 hours left until the deadline expires. I do not venture to predict what will happen then. One thing is clear: The Chechens do not intend to disarm.

Yandarbiyev Says Second Caucasian War Under Way

LD2911151594 Moscow Mayak Radio Network in Russian 1416 GMT 29 Nov 94

[FBIS Translated Text] Although our office has still not received an official statement by the leadership of the Chechen Republic in connection with Boris Yeltsin's statement yesterday, our correspondent did manage to talk to Chechen Vice President Zelimkhan Yandarbiyev.

[Begin recording] [Unidentified correspondent] Could we hear some official reaction on this score?

[Yandarbiyev] Yes, the Caucasus has gained a marvellous opportunity to unite and liberate itself from Russian oppression. We welcome any such statement.

[Correspondent] What actions has official Groznyy taken since that statement?

[Yandarbiyev] Official Groznyy was taking action long before this statement, but now the people—look at the difficulties, look at what is going on in the villages of Chechnya.

[Correspondent] What is happening there?

[Yandarbiyev] What is happening is that people are preparing to fight.

[Correspondent] Against whom are they going to fight?

[Yandarbiyev] Against those who intend to attack us. We already consider that a war—an undeclared war—against Chechnya is being waged by Russia. I now have with me a delegation of the national liberation movement of Kabarda which has taken all the additional material [as heard]. There are volunteers here already—a group from Kabarda, there are volunteers from Ukraine here, there are volunteers from Dagestan here, volunteers from Ossetia, and more volunteers are arriving.

[Correspondent] So this is the second Caucasian war?

[Yandarbiyev] Yes.

[Correspondent] And you are going into it consciously.

[Yandarbiyev] Yes. We are going into it because... [pauses] We are not going into it, we are being pushed, and we are accepting it because he who wants to be free has to accept even a fight when he is forced to do so. I wish Russia good sense. You can have an influence and bring the truth to the Russian people before this war begins and maybe then the Russian people will stop these woeful politicians. [end recording]

Once again our correspondent got through by phone to Groznyy and was speaking to the vice president of Chechnya.

Defense Ministry: No Troops Moved to North Caucasus

LD2911132694 Moscow INTERFAX in English 1100 GMT 29 Nov 94

[FBIS Transcribed Text] According to reports which have arrived on Tuesday [29 November] morning, neither Russian personnel nor combat equipment are being moved to the North Caucasus, an informed source in the Russian Defense Ministry told INTERFAX.

Speaking about the Russian president's appeal to the participants in the armed conflict in Chechnya, he said that the Defense Ministry does not rule out that the conflicting parties will fulfill Yeltsin's demand to surrender arms, and the state of emergency will not be introduced in Chechnya.

Meanwhile, a source in Russia's General Staff told INTERFAX that if a "corresponding order" is issued, the armed forces will be able to "ensure the urgent introduction of the state of emergency in Chechnya." "The necessary forces and equipment are available," he said.

Interior Troops Ready for State of Emergency

LD2911180194 Moscow INTERFAX in English 1621 GMT 29 Nov 94

[FBIS Transcribed Text] A contingent of Russian interior troops which, if a state of emergency is introduced on the territory of Chechnya, will keep control over its observance, has been formed in the vicinity of the town of Mozdok (North Ossetia). Interfax learnt that the contingent consists of interior servicemen from practically all military districts of Russia.

Answering the question put by Interfax, Deputy Russian Interior Minister, commander of the Russian Interior Troops, Anatoliy Kulikov told a briefing in Moscow on Tuesday [29 November] that the character of the contingent actions will depend on orders by the Supreme Commander, Russian president Boris Yeltsin. He said that there had been no orders concerning the beginning of the operation to disarm the groupings in Chechnya.

The recent events have shown that the experiment with the independence and sovereignty of one of the former autonomies proved tragic. And the tragedy continues, said Kulikov. He said that the interior troops are prepared to operate in conditions of a state of emergency.

International Affairs

Kuchma Holds News Conference on U.S. Visit

LD2811230694 Kiev Radio Ukraine World Service in Ukrainian 1900 GMT 28 Nov 94

[News conference by Ukrainian President Leonid Kuchma on 28 November; place not given—Kuchma remarks recorded]

[FBIS Translated Text] [Correspondent Petro Ostapenko] In beginning his meeting with representatives of Ukrainian and foreign mass media, Leonid Kuchma stressed the fact that the visit to the U.S. was the first ever visit at such a high state level in the history of our country.

[Kuchma] There were about five meetings with the U.S. President for discussions and talks, and meetings with Vice President Gore, State Secretary Christopher, Defense Secretary Perry, Secretary of Commerce Brown, Secretary of the Treasury Bentsen, and other officials of the U.S. President's administration.

Fourteen bilateral documents were concluded that setout our agreement to cooperate closely in the political and economic spheres; the peaceful exploitation of space; power engineering, trade, and investments. I also met with leading representatives of U.S. political forces, senators, representatives of the Congress, famous political analysts and civil activists. You probably know about this from the press; therefore, I will not list them. During my sojourn in New York I visited the United Nations, met Head of the Security Council Brighton and President of the General Assembly Amara Essy. I made a speech at a special plenary sitting of the General Assembly, which I think you are familiar with.

Within the framework of the visit, there were many meetings with representatives of American financial and business circles. Among them were directors of the U.S. company Pepsico, IBB, representatives of Morgan and Stanley Bank and many others. I took part in a conference of business circles which discussed the importance of investing in Ukraine and also in the first meeting of the joint U.S.-Ukrainian commission for issues of trade and investments.

My meeting with the leaders of the IMF [word indistinct] and the World Bank was dedicated to the same problems. Much attention was attached to meetings with the Ukrainian community and I met the board of the U.S. Jewish organization. Members of the Ukrainian delegation, Deputy Prime Minister Valeriy Shmarov and Ivan Kuras, Foreign Minister Hennadiy Udovenko, Minister of the Economy Roman Shpek, Minister of Foreign Economic Relations Serhiy Osyka, Acting Minister of Finances Andrey Honcharuk, my advisers, and other members of our delegation held important meetings and consultations. A large group of Ukrainian businessmen worked fruitfully.

During the visit, we had contact with representatives of the world, American and Ukrainian mass media and this became an addition to the political and economic talks, in particular, I held conversations with leading journalists on well-known issues, THE WALL STREET JOURNAL, TIME, NEWSWEEK, FINANCIAL TIMES, FORD MAGAZINE, BUSINESS WEEK, USA TODAY, THE NEW YORK TIMES, FORTUNE, and others. I met the editors of THE WASHINGTON POST. The news conference of the Ukrainian president in the national Press Club of the United States was, as you know, broadcast in the United States and 30 other countries.

An important political significance for Ukrainian-U.S. relations was the signing by the president of the Charter of U.S.-Ukrainian Partnership, Friendship, and Cooperation. It is the basis for expanding fruitful relations between the countries in various spheres. A considerable achievement for the visit was that the United States is continuing to grant priority support for Ukraine, for its transition to a market economy and integration in the world economic community. This is the position which is set out in the presidents' joint declaration. America confirmed its obligations to grant Ukraine security guarantees in connection with its accession to the Nuclear Non-Proliferation Treaty by means of signing a memorandum on guarantees during the CSCE Budapest summit on 5-6 December.

Agreements were reached to cooperate closely with the aim of guaranteeing the timely realization of the Nunn-Lugar program. [Word indistinct] the shortest period of using $75 million earmarked for Ukraine for 1995. The importance of the contribution by 14 Western countries and the European Union to grant financial aid to Ukraine connected with dismantling nuclear weapons was also noted.

Much attention was attached to the issue of European security. We agreed to deepen cooperation between the foreign ministries of both countries. The U.S. President accepted my invitation to visit Ukraine. Bill Clinton confirmed America's full support of measures by the Ukrainian Government to carry out market reforms and its readiness to support its realization. Agreements were reached to allocate additional assistance to Ukraine amounting to $200 million in the 1995 financial year; I stress, additional. The American side confirmed its obligations to fulfill the role of leader in encouraging international assistance to carry out economic reforms in Ukraine. The presidents said the attraction of capital from the U.S. private sector through expanding trade and investments was important. A joint declaration was signed to this effect.

Taking into account the special condition of countries with a transitional economy which includes Ukraine, President Clinton announced his intention of consulting with the U.S. Congress on the appropriate reflection of such circumstances in American trade law. The president also confirmed U.S. support of Ukraine's aspiration to accede to GATT and the World Trade Organization. The importance of resolving Ukraine's energy problems, to strengthen the Ukrainian economy, realizing joint programs for rebuilding and reforming the energy sector and improving the safety of nuclear reactors was recognized.

Three agreements were signed [word indistinct] on allocating more than $22 million to our state. The directors of the Pepsico company expressed their intention to urgently invest $100 million in the Ukrainian economy. An agreement was also reached to consider the issue of granting a preferential rehabilitation credit to Ukraine amounting to $500 billion at a meeting of the council of directors of the World Bank on 22 December 1994. Our delegation also worked fruitfully and agreed to all the conditions.

What are the biggest general conclusions that can be made today? I consider that a qualitatively new period in the development of Ukrainian-U.S. relations has begun. Real favorable possibilities for qualitatively... [pauses] stepping up Ukrainian-U.S. cooperation in the various spheres and reorienting Ukrainian-U.S. relations towards economic cooperation are opening up. Taking into account the U.S. role and place in world affairs, one may assert that a level of relations with the United States has been achieved which, in the given phase, corresponds to Ukraine's national interests and promotes the strengthening of its security and international [word indistinct].

[Ostapenko] Therefore, the president was satisfied with his visit, which is a remarkable fact since [word indistinct] countries are expecting some problems from Leonid Kuchma. One of them is the formation of a strong executive power. One of the journalists remarked that it was easier for Bill Clinton since the arrival of the Republicans in the U.S. Congress and their cooperation with the President would be built on civilized principles. In Ukraine the situation was developing differently. Leonid Kuchma agreed with this.

[Kuchma] Yes, it is too difficult to compare us with the Senate of the U.S. Congress. They are incomparable things; although, I understood that Bill Clinton had many [word indistinct]. He stressed this many times. However, I want to say that my meetings with the representatives of the Republican Party demonstrated that they had a positive attitude towards us and I think that the agreements that exist on a presidential level would probably be implemented.

As far as the situation in Ukraine is concerned, really, I would like to congratulate you today, because the constitutional process has begun in Ukraine. We held the first meeting of the new constitutional commission with Oleksandr Moroz [several words indistinct] I also turned to members of the constitutional commission telling them that we should not elaborate the new Ukrainian Constitution for political parties, movements or for individual leaders, whether it is Kuchma or Moroz. We should elaborate the Constitution for Ukraine and above all for its people and that is why it is necessary to reject many such political [word indistinct] when elaborating this Constitution.

As for the power, I never ever rejected the view of which I was convinced. I stressed this even during the pre-election campaign and understand that it is supported in society today, that if there is no authority then there is no order anywhere.

And generally, although it is not worth, as they say... [changes thought] Who has more power, the president, the chairman of the Supreme Council, or the parliament? It is important that power exists and everyone make use of the power that exists. In the near future, I will submit the law on power. I think that if we do not adopt this law soon, then there will be no talk of any reforms or any radical economic transformations in society. I do not completely understand it when the Supreme Council by a majority supports the president's program, one could say it this way, and then in the course of practically two weeks of discussions not put it into effect. Please tell me: Who in society benefitted from the fact that the resolution of the Cabinet of Ministers on the liberalization of prices was discussed for two weeks? Yes, there were some mistakes there, and so on. But is a rostrum of 52 million people required to solve this? What about the president's decree on accelerating land reform? I mentioned this in my speech and in the reports that were handed out to deputies. When there is a clear division of powers, then I think that the Supreme Council will be engaged, or should be engaged, in the legislative process, which is vitally necessary for the state, including the elaboration of those mechanisms on private ownership of land, so that society does not get the impression that there is a free sale of land. No, this should not happen.

[Ostapenko] The president's mutual relations with the Supreme Council of Ukraine were a problem that dominated the news conference. Such attention to this was understandable; after all, having supported Leonid Kuchma's intentions to carry out radical transformations in society, the parliament is now attempting to hinder it. For example, some deputies, particularly left-wing ones, are seriously intending to put a veto on the presidential decree on accelerating land reform.

[Kuchma] I do not want to fight with the Supreme Council. I want to cooperate with it and am doing everything possible and impossible, as they say, in order to do so. I think that we will find a decision. It is a pity for the time and, as they say, the energy, and it is a pity for society as a whole. I have already spoken about this. Such discussions in Ukraine do not promote harmony. In order to avoid a skirmish, this law on power should appear as soon as possible as a small part of the constitution that we should have in our state; because the adoption of a new constitution is, as they say, too complex as a creative process, and today we have become convinced of this. So with your help, let us think of this so that the Supreme Council adopts this decision as soon as possible.

[Ostapenko] Obviously, Ukraine's mutual relations with Russia were discussed at the news conference. Journalists were interested in the status of the far-reaching agreement between these two countries as well as in Boris Yeltsin's visit to Kiev.

[Kuchma] While I was in the United States, I really stressed all the time that Russia is our great neighbor and that we are connected by a 1000-year history; not only by history, as they say, but also by present-day realities. We did everything to accelerate the process of signing the agreement on cooperation and friendship and so on with Russia. Today we have practically found understanding on the most important contradictions that existed. You must understand that the legacy we inherited was not the same as that with Canada or the United States, with which we are starting from scratch. One must have a cautious attitude toward a legacy. Today I had a fruitful conversation with President Boris Yeltsin of Russia. Today our government delegation lead by our prime minister is in Russia. It will examine the contradictions in our relations. We have agreed with Boris Yeltsin that we should look for decisions that will enable the president of Russia to calmly arrive in Ukraine—I would say it this way. The fact that there are many views in the mass media about the fact that I have not yet travelled to Moscow—you will understand that it is really connected with this agreement, which we should sign in Kiev.

There is no need to make any conclusions on our relations with Russia. I will say it again. My relations and my cooperation with Russian President Boris Yeltsin are normal and good. We have similar forces here to the ones they have there, which some people do not like, as they say, and we have the possibility of observing these processes. This is also a fact which one does not need to prove here.

[Ostapenko] The president admitted that so far in Ukraine, very few people who are in responsible positions have gotten down to work as they are supposed to. They are waiting for instructions or are expecting somebody to do the work for them.

[Kuchma] So far, we have a division of labor, as they say. The president's team thinks about how to do some good work and takes on the responsibility [words indistinct]. It is necessary, as they say, that they work together [word indistinct]. We saw how the resolution of the Cabinet of Ministers on liberalization was implemented. This liberalization only began on 14-15 November and not even a month later, we lost about 23 trillion karbovantsi. A very simple reply. At whose expense were these 23 trillion karbovantsi lost? Mainly at the expense of those who are paid from the budget: pensioners, students, servicemen, and so on. Therefore, I say that it is necessary to have a tough vertical power structure. If the chairman of a council does not fulfill his [word indistinct] then I do not need such a chairman and Ukraine does not need him. But I have already replied to this and, as they say, it is not entirely his fault. You know that after this resolution was adopted, the Supreme Council began to discuss whether the Cabinet of Ministers was right or not, and there were preparations to have this Cabinet of Ministers' resolution annulled. Every chairman and [word indistinct] should take on additional responsibility. He waits for the Supreme Council to take on this responsibility, but you understand that a collective body often does not want to take on the responsibility. This is also an historical truth.

[Ostapenko] During Leonid Kuchma's trip to the United States and before, there was much talk about specific assistance from the United States to our country. But some of my colleagues asked why and what did Washington have in mind when it was prepared to invest in our economy.

[Kuchma] I would like to tell you that Pepsico wants to invest in shipbuilding. They are already building tankers at our yards in Kerch and are saying that these capacities are not enough for us. We want to invest in Kherson, Nikolayev, and so on. Therefore, I am convinced that if we have a good investment climate, then private capital will be attracted to Ukraine. I am deeply convinced that it is in the United States' interests and in the interests of the world community to have a stable Ukraine and not a zone of conflict. For if there are conflicts in Ukraine then it will be much worse. There is no need to compare us to Yugoslavia or some other country. I think that this is really a balanced policy of the United States toward Ukraine. I will say again that I am convinced of this. Is it in Russia's interests to have a democratic state? Because if all is well at home, then I think that this will be of benefit to the processes that are also taking place in Russia, and vice-versa, if things are well in Russia, things will be fine in Ukraine. That is why we should look at how things are done by our great neighbor. But so far we are just wasting time and wonder whether we should do something or not. And in the meantime the economic situation gets worse and worse and soon we will not be able to even think. Others will think for us.

[Ostapenko] The range of the journalists' questions was quite broad, encompassing domestic and foreign problems. Colleagues attempted to discover whether Leonid Kuchma's views on the existence of the CIS had changed. The president replied with a categorical denial:

[Kuchma] I also said that our relations with the United States should not be at the expense of our relations with Russia, and vice versa. We should conduct a balanced policy in Ukraine's interests. It is in Ukraine's interest to have normal and equal relations with the West, Russia, and other CIS countries. You know only too well that the West is not waiting for our goods. We only ask that America supports us in our application to GATT and SOT [as heard] as a country with a transitional economy, and this, as they say, would give us much benefit in selling our goods. That is my view on this. Unfortunately, the CIS at present is an amorphous organization which adopts many decisions which, it is true, are not implemented. Will the creation of the coordinating committee help at all? Let us wait and see. But I say again that our markets are Russia and all the countries of the former USSR. We should count on this. [words indistinct]

[Ostapenko] The reception organized in the United States for our president was really on a high level. But was this influenced by the fact that Ukraine on the eve of the trip acceded to the Nuclear Nonproliferation Treaty [NPT]? Leonid Kuchma gave quite an honest reply to this.

[Kuchma] There is no need to act against one's conscience because really the United States and the world are waiting for Ukraine to accede to the NPT. I think that this enabled Bill Clinton to make a speech before their holiday that the Americans can sleep peacefully in the knowledge that there is one less nuclear state in the world. This is very good. Can we sleep soundly knowing that there are nuclear missiles with nuclear warheads on our territory over which we have no control? We do not have the experts and moreover, these nuclear warheads are past their expiry date. I also do not sleep well. So we must take reality into account.

[Ostapenko] Leonid Kuchma does not completely agree with the declaration pronounced earlier on Ukraine's status as a power that does not belong to any blocs. It is possible to judge from his reply that the president has a somewhat different point of view on NATO and on Ukraine's place and role.

[Kuchma] There were many such questions when I was in the United States. I said it was the right of every country to join one bloc or another or a military and political alliance. Ukraine does not have the right of veto to prevent a country from joining a bloc. But I would like Ukraine's view to be taken into account. I said that I would not like Ukraine to become some cordon sanitaire—a barrier between the West and the East.

First, I do not think that it would be a revolutionary process if all the East European countries and the Baltics were accepted into NATO, and that Russia would look at this calmly. I do not think so. I understand that Russia also has its strategic interests. But the process should be allowed to go, as they say, normally. If Poland wants to join today, then who is going to prevent it from doing so?. As far as I know, when Boris Yeltsin was in Poland, he also agreed to this. But if all countries join it, then this is not quite right. Where does Ukraine stand in all this if it refuses to join any of the blocs, although I do not completely understand Ukraine's position that it should be a state that does not belong to any blocs. I understand Switzerland because it has all the world's money and every country, and I would even say that some Ukrainians too, is interested in preserving its neutrality to prevent anything from happening to it.

God forbid that Berlin walls should be built again in Europe. So this process should be opportune and it will take more than one year.

[Ostapenko] In the president's view, many people today resort to criticism rather than concrete actions. Meanwhile, the head of state has a clear-cut plan for the implementation of reforms, and it is being carried out stage-by- stage:

[Kuchma] We have a program. As I said, we need to pass over 60 legislative acts, either in the Supreme Council, or in the form of presidential decrees and resolutions. On 24 November, I signed another decree for the acceleration of privatization in Ukraine. The actual title is slightly different, but it is about accelerating this very process. You have seen that the decree on the indexation of people's savings is also aimed at accelerating the privatization.

[Ostapenko] Recently, there has been a deterioration of the situation in the former Yugoslavia, where the Ukrainian battalion of UN peacekeeping forces is stationed. Some countries have already announced the withdrawal of their servicemen from there. Is Ukraine planning to do the same? Leonid Kuchma replied:

[Kuchma] I have also given instructions to the Ministry of Foreign Affairs and the Ministry of Defense to study the situation in Yugoslavia and make a decision. I agree with the judgement expressed by the Russian foreign minister. Since they do not treat us with respect, we did not send our boys to that place to leave them there forever. We, too, must make an appropriate decision as to these developments.

[Ostapenko] Leonid Kuchma offered his comments on the fact that Russia has cut its gas deliveries to Ukraine:

[Kuchma] Indeed, on Saturday, gas deliveries to Ukraine were cut by more that 50 percent. And through no fault of "the hand of Moscow," as they say, but the apathy of our Ukrainian officials. I cannot judge this in any other way. I think someone should take responsibility for this, as I am getting frightening telegrams from the cities because their gas was cut by half.

More than two weeks ago, Russia and Ukrgazprom [Ukrainian gas company] sent a telegram to the government saying: Guys, you have used up all your gas allocated under the agreement between Russia and Ukraine, so please sign a new contract urgently—at least for legal reasons, because you need to take this gas through customs in Russia. But these are not the rules for our guys. That is why yesterday, I turned into a middleman again and held talks with the Russian Government, and today a delegation led by the prime minister urgently went to Moscow, chiefly to agree on new gas deliveries and sign a new contract. Another issue is a long-term contract with Russia and with Turkmenistan. Sometimes I wake up at night and ask myself: Is this being done on purpose? The president signs a contract with the president of Turkmenistan, agrees what is to be done and when—but no go.

[Ostapenko] Journalists are known to be always well informed, and Leonid Kuchma was asked about the text of his statement on the problems of security in Europe which the leaders of Ukraine, the United States, and Russia are to sign at the CSCE conference to be held soon in Budapest.

[Kuchma] The CSCE conference is held once every two years and is attended by Canada and the United States. Last time, in 1992, it was held in Helsinki, I think. Its main purpose is to sum up the current security situation in Europe. But I think... my wish is that the main issue for the world community must be to sign a treaty providing security guarantees for Ukraine.

[Ostapenko] During his visits to Canada and the United States, Leonid Kuchma met representatives of the Ukrainian community. Therefore in my question to him, I attempted to ascertain whether the president intended to continue exploiting the strengths and influences of our countrymen both in the west and in the east in his foreign policy. At first Leonid Kuchma said he had noticed that for many Ukrainians the most important thing was that they had their state, their fatherland. He called on them to actively cooperate.

[Kuchma] Regarding our relations with the diaspora in the United States and Canada, I think it is civilized for the whole world to exploit them for good purposes. I am grateful to our diaspora, particularly in Canada and the United States, because they worked hard to make the trip successful. Everything that is for the good of our state is a plus, and everything that is the opposite is a minus. I think that today the Ukrainian diaspora is working for the image of an independent Ukraine and is doing everything so that Ukraine has some authority in the world so that the world may help us extricate ourselves from this difficult crisis.

[Ostapenko] Among the many problems of an economic nature in Ukraine, there is also the problem of Crimea. The separatists on the peninsula are continuously stoking the hotbed of confrontation. The statement by the Russian State Duma that, practically in the form of an ultimatum, demands that Kiev adopt such measures on the autonomy that suit the State Duma's deputies, could be described as open interference in our affairs.

[Kuchma] I have no other replies except that Crimea is a constituent part of Ukraine and our policies are based on this fact. The fact that the Russian State Duma adopted such a decision I do not think that this benefits...[pauses]...including Russia because Russia has many of its own problems. One would want to give an example of how to resolve our problems as well as other problems. There is nothing else that one could desire. Second, I could only wish that our Supreme Council cooperate with the Russian Duma in this area and find understanding. To simply cross it out and say the Crimean issue has nothing to do with Russia would also be a half truth. But I would like to say again that the treaty between our two countries that is being prepared today speaks about the territorial integrity of Ukraine.

[Ostapenko] As a continuation of the theme of mutual relations between Ukraine and Russia, the problem of the Kremlin's reaction to Ukraine's accession to the Nuclear Nonproliferation Treaty was also raised. Moscow expressed disagreement with the reservations that Ukraine's Supreme Council added to the resolution on ratification.

[Kuchma] I would like to ask those Russian politicians who read the decision adopted by the Supreme Council to read it more attentively. That is the first thing. If you look at the preamble, then it is written very clearly that Ukraine is a non-nuclear state and is going to Budapest as a non-nuclear state to sign this treaty along with all its decisions written there, beginning with the declaration of the state sovereignty of Ukraine and ending with the Lisbon Protocol.

[Ostapenko] Leonid Kuchma denied rumors of his instructions for the Defense Ministry allegedly to make ready a peacekeeping battalion to go to Nagorno-Karabakh. Ukraine, the head of state said, is only prepared to send its observers to the Georgian-Abkhaz conflict zone.

Journalists at the news conference also returned to the subject of the formation in Ukraine of a strong executive authority. When will the president at last table a law on power at the Supreme Council? And what will Leonid Kuchma do if the parliament fails to pass this law?

[Kuchma] I pledged that it will be some time this month, and I shall certainly make sure it happens.

As for the Supreme Council's failure to pass it—provided this, indeed, is a constitutional decision—I generally agree with you that it will not take this decision.

What will be the next step? Serhiy Holovatyy, for example, proposed a passage of a constitutional agreement, which is also a way of doing it, as they say. This is one of the ways. Another way is a referendum that, however, will take a long time, in which time so much can happen in our state as to obviate any necessity for any agreements, with the situation being excessively complex both politically and economically. And we can see that the differences in society are not only on the decline but, on the contrary, on the rise.

Let us hope that, after all, we shall be able to find a civilized way out of this situation, because there are two ways out, as someone pointed out at the constitutional commission: one of them being civilized and normal cooperation, and the other as it happened in Russia. I reject the latter.

[Ostapenko] It is known now that many of the international financial organizations and the world's developed nations are ready to provide assistance to our reforms and are already doing so. But is there any mechanism of the provision and use of credits?

[Kuchma] An assistance mechanism? But, of course, it has been primed and is in place as the mechanism that is needed. As for the International Monetary Fund's $350 million, we have already received it. As to the nuclear disarmament assistance, there also is a mechanism, which is known to the specialists that are dealing with this matter. As far as this year's loans are concerned, specific agreements have been signed between our Finance Ministry and Economy Ministry and the respective ministries and departments of the United States of America.

I, however, would only like to emphasize that my intention is to set up a single center of investment agencies, which everything going Ukraine's way will go through. If anybody comes to Ukraine today and wants to invest one dollar somewhere, they walk our lobbies of power and that one dollar is not enough to give for somebody to show them the door they should enter. So there will definitely be this agency in Ukraine to deal with this process.

On the subject of who owes whom how much, I would like to mention that Ukraine today owes $7 billion. This is so. I, however, would like nobody to equal us to Russia, as our main dependence is primarily energy carriers and the current debt for energy carriers should be paid. As the world provided these funds for the former Soviet Union, there was a clear knowledge that Russia had the means of repayment, i.e. the inexhaustible reserves of raw materials such as oil, gas, timber, gold, and so on. If you affirm the opposite, saying that we have the means of repayment, you are welcome to (?produce it) and solve at least one problem. The problem today is that there should be light in our house, that it should be warm, and that our factories should work. So the assistance that is being rendered to us today is first and foremost to rectify the negative balance of payments, for us to be able to pay both Russia and Turkmenistan primarily for gas.

[Ostapenko] The conversation returned again to the formation in Ukraine of the vertical power structure and the constitutional process. There were anxieties that the Supreme Council would not be able to adopt a law on power that the president was proposing. Supreme Council Chairman Oleksandr Moroz did not agree with this either. What was Leonid Kuchma's position?

[Kuchma] I would like to remind everyone, although you all know from reading a little history, that when a country emerged from a difficult economic crisis it does so only under stong executive power. Above all, if one were to take the United States, then I would like to say that in 1933 a special law was passed according to which power was transferred to the U.S. President. This law was in effect for two years when Theodore Roosevelt addressed the people of America on national radio saying they had survived the difficult illness. Please tell me, can collective bodies decide anything, especially when there are such contradictions in society? We see that every issue in the Supreme Council results is a battle. Are we going to turn everything into a fight?

I would like those politicians who are putting forward such slogans to have some responsibility before society for this. They even gave examples on the resolution of some specific issues. Nobody really wants to take the responsibility on himself. They say they could repeal it but we do not need to. I know that this process will be very difficult. From my own point of view as an individual, I would say it would be better for me to simply sit it out for four years and then to say, Mr. Moroz take the power from me and I will look at you at what you are doing. But I am personally convinced that it will be a [word indistinct]. If there is no master at home [word indistinct] then it will lead to nothing good. As they say, somebody is returning something to somebody else in the family. Does a husband give away his wife because she cannot cope any longer with her domestic duties? Another way out is through a referendum. If the law on power is not adopted, if we do not find a constitutional agreement, then I will turn to the Supreme Council and say let us do it this way. We will adopt a decision on a referendum. That is all. We do not want the people to say that the president is collecting a million signatures. If we are really all responsible for the fate of the state, let us adopt a decision on a referendum. Whatever the people say will be carried out, but if we refer to the people, then we are also deceiving not ourselves but the people. It depends on the information and on who shouts the loudest. It is not just a political problem; it is also an economic problem. But nevertheless you must know that the people are sick and tired of lawlessness. We must urgently adopt such a decision. I ask that this law comes into effect only until the new constitution is adopted, only until then. When there is a new constitution then this law will be repealed. If we are not able to adopt such a law within this time-scale, then it could be in force until the end of the president's or the Supreme Council's term. But I have already said this today that we must not accuse one another. I have not accused anybody. But they are saying from the TV rostrum or from some other rostrum that the president in his decree on accelerating land reform is violating eight articles of the constitution.

Please tell me how? This is not true. Because before signing it I consulted first with lawyers of the Cabinet of Ministers. The government submitted this decree. I have some very good lawyers in the president's administration, they are fine experts. Then we invited others to examine this decree.

(?found anything).

As for the differences, differences in general (?abound). Given that our constitution at present consists of nothing but the differences, tell me please where there is a word that is placed wrongly and let us sit down and talk about it. And in most cases it is not a law or presidential directive but practical plans and instructions for the government to draw up laws and mechanisms to avoid disorder in questions of land in particular and for there to be a normal and civilized legislation as found worldwide.

As for the calls that there was no popular support, tell me please as I have repeatedly said ...[pauses]... The people in collective farms simply should be given an explanation that all the time they have been deceived and that this is their land and that they have never had it. They will then know when they retire whether to rent it back to their collective farm or sell their land to those who will come there and will cultivate it and not to townsfolk.

[Ostapenko] As is known, an agreement on cooperation in the space industry was signed during Leonid Kuchma's visit to the United States. The president expressed satisfaction with what accords there had been achieved in that area.

[Kuchma] As for space cooperation with the U.S.'s NASA, there were very detailed and resultful negotiations on specific issues of today. As far as satellite launches are concerned, this process must be discussed further as it applies to concrete (?firms). Given the fact, however, that we signed this agreement, we now have good prospects not to lose the scientific and technological potential that there is in our state in that area.

[Ostapenko] Journalists also raised language issues. As has become known, Lugansk and Dnepropetrovsk Oblast councils have taken a decision making the Russian language on the territory of those regions official. Kharkov's Oblast council is getting ready to do the same. What is the president's attitude toward this?

[Kuchma] I would not like to comment on this extraordinarily complex issue but would like to underline that I am not going back on what I have said that we must not perceive Russian as a foreign language and that its status should become official. As the state's president, however, I shall do my best for every normal condition to be created to raise the level of the state Ukrainian language and for us not to look back on the data on the halving of the number of Ukrainian-language publications in the period of (?so many) declarations by ourselves. This is where the difference between declaration and practice begins.

[Ostapenko] This is all I have on Ukrainian President Leonid Kuchma's meeting with Ukrainian and foreign journalists at the residence of the head of state in Kiev on 28 November. The report was prepared by Petro Ostapenko.

Kiev Condems Attacks on Peacekeepers in Bosnia

LD2911221294 Kiev UNIAN in Ukrainian 1845 GMT 29 Nov 94

[FBIS Translated Text] Kiev—"Ukraine's permanent mission to the United Nation has sent a note to the UN secretary general, condemning the attacks on peacekeepers in Bosnia-Herzegovina that led to the death of eight UN personnel, including two Ukrainians, and calling for an inquiry into the circumstances of the attacks and prosecution of the perpetrators," Volodymyr Handohiy, head of the Ministry of Foreign Affairs of Ukraine international organizations directorate, told a briefing at the ministry.

He informed journalists about Ukraine's position on redeployment of the Ukrainian peacekeeping battalion as the situation surrounding the Bosnian enclave of Bihac exacerbated: Any repositioning of the Ukrainian contingent was only possible with the Ukrainian government's consent.

Asked whether there were any plans to recall the Ukrainian servicemen from the former Yugoslavia, Volodymyr Handohiy said that this was the intention of neither Ukraine nor any other contributing countries and that at issue were firmer personnel security guarantees. Ukraine at the same time, he added, participated most actively in drawing up a UN convention on the protection of peacekeepers, a draft of which will in the very near future be under consideration by the UN General Assembly. Ukraine insisted the draft should include a clause on "every country's sovereign right to recall their forces should the situation in the combat forces zone deteriorate in the extreme."

Ukrainian Armor Crew Captured

LD3011113494 Moscow ITAR-TASS in English 1114 GMT 30 Nov 94

[By ITAR-TASS correspondent Vitaliy Makarchev]

[FBIS Transcribed Text] London November 30 TASS—A Ukrainian crew of an armored troop carrier of the U.N. peacekeeping forces was seized today by Bosnian Serbs at check point No. 11 near Bihac town in Bosnia.

The seven servicemen including one officer were "taken by force to the area close to Bosansca Krupa town," British General Michael Rose, representative of the headquarters of the commander of the U.N. forces in Bosnia-Herzegovina in Sarajevo, told ITAR-TASS.

U.N. representatives have established a contact with the unit of Bosnian Serbs who captured Ukrainian servicemen and started negotiations with them.

Russian Duma Calls For 'Restraint' Over Crimea

954F0421A Simferopol KRYMSKIYE IZVESTIYA in Russian 26 Nov 94 p 1

[Statement of the State Duma: "Federal Assembly—Parliament of the Russian Federation: Statement of the State Duma in Connection With the Decree of the Ukraine Supreme Council of 17 November 1994: 'On

Implementation of the Ukraine Supreme Council Decree "On the Political-Legal Situation in the Autonomous Republic of Crimea“ ”]

[FBIS Translated Text] The State Duma of the Russian Federation, understanding the full complexity of the problems inherited by Russia and Ukraine as a result of disintegration of the Soviet Union, recognizing the reality of Crimea being a part of Ukraine, and proceeding from the principles of equal rights and self-determination of peoples, sovereign equality and territorial integrity of states as affixed in the Final Act of the Conference on Security and Cooperation in Europe of 1975, states its concern with respect to the development of mutual relations between the Supreme Council of Ukraine and Supreme Council of the Crimean Republic. We appeal to deputies and all citizens of Ukraine to relate to the hopes and problems of the Crimean Republic with tolerance and respect. The State Duma believes that the worst way to regulate arising differences is the language of ultimatum and blockade. It is in the common interest of the two fraternal peoples of Russia and Ukraine to safeguard Crimea—so oversaturated with weapons—from any pressure from the use of force. The State Duma is also concerned about the fate of Crimea because any exacerbation of the situation on the peninsula is echoed in Russia. There are no issues in the mutual relations of Russia and Ukraine that cannot be resolved over the course of negotiations.”

Without a compromise resolution to the Crimean-Ukrainian conflict, in our view, any agreement on the future of the Black Sea Fleet, its moorings and bases, is unattainable—as is any signing or ratification of the Treaty on Friendship, Cooperation, and Partnership between Russia and Ukraine. The State Duma recommends that the Russian Federation Ministry of Foreign Affairs, during the course of negotiations with the Ukrainian side, in discussion of the situation that has come about, listen to the representatives of Crimea itself. In this regard, the State Duma affirms its readiness, already expressed in the 25 May 1994 appeal, "to do everything within its power to aid in the search for constructive compromise on the basis of the existing Russian-Ukrainian Treaty of 19 November 1990." We call upon the authorities of Ukraine and Crimea to exercise restraint, show mutual respect, and take into account the influence of decisions made on the overall background of Russian-Ukrainian relations.

Parliament Protests Statement

LD2911201194 Kiev UNIAN in Ukrainian 1900 GMT 29 Nov 94

[By UNIAN correspondent Svitlana Dorosh]

[FBIS Translated Text] Kiev [no dateline as received]—The Supreme Council of Ukraine Presidium today sent an official letter via diplomatic channels to the Russian Federation's State Duma in connection with the latter's statement of 23 November on Ukrainian-Crimean relations.

The letter expresses concern at the fact that these steps affecting Ukraine were taken ahead of Russian President Boris Yeltsin's state visit to Kiev, and the signing of a large-scale political treaty.

The statement by the Russian Federation's State Duma, the Supreme Council of Ukraine Presidium goes on to say, can be regarded as nothing but another act of interfering in Ukraine's internal affairs and grossly violating existing norms and principles of interstate relations.

The presidium's letter points out that the positive trends in relations between Ukraine and Russia, after Supreme Council Chairman Oleksandr Moroz's visit to Moscow in June 1994 at the head of a parliamentary delegation, have in effect been wiped out by the Russian parliamentarians's statement.

UNIAN has learned from trustworthy sources that the wording of the initial draft of the letter from the presidium was quite harsh, underlining, in particular, that such statements did not add to the Russian parliament's prestige, and harmed relations between the two countries. It was, however, excluded from the final text of the letter signed by Oleksandr Moroz.

Masol on Acceptance of 'Zero Option,' Repayments

LD2911132794 Moscow INTERFAX in English 1100 GMT 29 Nov 94

[FBIS Transcribed Text] Ukrainian Prime Minister Vitaliy Masol stated that Ukraine is ready to accept the so-called 'zero option' for settling the problem of the former Soviet Union's assets and liabilities.

He told Interfax, after talks with Russian Prime Minister Viktor Chernomyrdin in Moscow on Monday, that just a few minor issues remain to be coordinated.

The 'zero option' implies Kiev's pledge to withdraw its claims from the former Soviet Union's assets in return for Russia servicing the Ukrainian part of the former Soviet Union's foreign debt.

To quote Masol, a protocol on the schedule for discussion and conclusion of the key bilateral documents has been signed in Moscow. These documents deal with the timetable for the repayment of the Ukrainian energy, fuel and commodity supply debt to Russia—climbing to $635 million in 1994—the restructuring of Kiev's debts to Moscow, and the problems of the Black Sea Fleet.

Earlier, a source in the Russian delegation told Interfax that the Ukrainian and Russian premiers had instructed the leaders of the state delegations to sum up the results of the talks and consultations on all of the abovementioned issues, and present a report on draft decisions by December 20.

This source also said that judging from this schedule, President Yeltsin's official visit to Kiev, during which a comprehensive bilateral treaty is expected to be signed and cardinal agreements on key bilateral relation problems concluded, is unlikely to take place this year. It is likely to be put off until the beginning of the next year, he said.

Masol also told Interfax that the date of President Yeltsin's visit to Kiev had not been discussed during the talks. It will be fixed after the sides have drafted bilateral agreements and a large- scale political treaty, he said.

Russia's Vice Premier Aleksey Bolshakov, who took part in the talks, said that a contract had been prepared on further gas supplies to Ukraine in December 1994. He also said that an agreement was being drafted on gas supplies in 1995.

The protocol on gas supplies for December 1994 is likely to be signed on Tuesday, he added.

Bolshakov also said that Ukraine as of late has been making regular payments for gas, in accordance with the protocol, although Kiev's debt is still large.

"Russia cannot supply gas to Ukraine for free. I'm convinced, however, that a specific form of payments will be found," he said.

"Russia and Ukraine must belong to a single economic system" said Masol.

National Affairs

Kuchma Makes Security Service Appointment

AU2911184794 Kiev URYADOVYY KURYER in Ukrainian 26 Nov 94 p 2

["Ukrainian Presidential Edict on Appointing A. Byelyayev as Deputy Chairman of Ukraine's Security Service"]

[FBIS Translated Text] To appoint Anatoliy Mykhaylovych Byelyayev as deputy chairman of Ukraine's Security Service, member of the Board of Ukraine's Security Service, and chief of Ukraine's Security Service Main Administration for Combating Corruption and Organized Crime.

[Signed] Ukrainian President L. Kuchma

[Dated] Kiev, 18 November 1994

Kuchma Appoints Energy Adviser

AU2911184894 Kiev URYADOVYY KURYER in Ukrainian 26 Nov 94 p 2

["Ukrainian Presidential Edict on Free-Lance Adviser to the Ukrainian President for Issues of the Fuel and Energy Complex"]

[FBIS Translated Text] To appoint Yuliy Yakovych Ioffe [former vice premier] as free-lance adviser to the Ukrainian president for issues of the fuel and energy complex.

[Signed] Ukrainian President L. Kuchma

[Dated] Kiev, 19 November 1994

Ministers Announce Changes to Commission Chairs

AU2911182294 Kiev URYADOVYY KURYER in Ukrainian 26 Nov 94 p 2

[Unattributed report: "Appointments"]

[FBIS Translated Text] The Cabinet of Ministers has appointed Ukraine's Vice Prime Minister Ivan Fedorovych Kuras as chairman of the Republican Commission for Affairs of Deported Crimean Peoples. V.I. Yevtukhov has been released from these duties.

I.F. Kuras has also been appointed as chairman of the Ukrainian part and cochairman of the Intergovernmental Ukrainian-German Commission for Affairs of Deported Germans Who Are Returning to Ukraine. M.G. Zhulynskyy has been released from these duties.

Mykola Oleksandrovych Shulha, minister for issues of nationalities, migration, and religious cults, has been appointed as chairman of the Ukrainian part of the Joint Ukrainian-Hungarian Commission for Issues of Ensuring the Rights of Ethnic Minorities. O.I. Yemets has been released from these duties.

Belarus

Lukashenka Convinces Deputies on Election Decree

LD3011123994 Moscow INTERFAX in English 1048 GMT 30 Nov 94

[FBIS Transcribed Text] On Tuesday [29 November] Belarusian parliament adopted a decree on people's deputies elections on a majority basis.

Our Interfax correspondent reports that President Alyaksandr Lukashenka persisted in adopting this very variant. He declared in the parliament that if the deputies pass a different voting system he would refuse to sign.

The elections will be held in one-mandate electoral districts on the basis of an equal and direct election right with voting being secret.

The decree stipulates that supreme bodies of political parties and public organizations, working staffs, staffs of secondary and higher schools, meetings of electors at the places of their residence, military units and detachments can nominate their candidates to the people's deputies.

Electoral blocs can nominate candidates who are members of political parties making up the electoral bloc.

The state takes on all expenditures related to the preparation and holding of elections. The Republic's Supreme Soviet must confirm these expenditures.

The number of electoral districts in Belarus has been reduced from 310 to 260.

Chairman of the Central Election Commission Aleksandr Abramovich declared to Interfax that due to the fact that the mandates of the present composition of the Supreme Soviet are to expire on March 4, 1995, parliamentarians should determine the date for future elections, which was not confirmed on Tuesday.

Lukashenka on Status of Economic Policy

WS3011124194 Minsk ZVYAZDA in Belarusian 29 Nov 94 p 1

["Text" of statement by Belarusian President Alyaksandr Lukashenka on economic policy; place and date not given]

[FBIS Translated Text] Since it assumed power the leadership of our country has drafted and been steadfastly carrying out the Program for Urgent Measures for Overcoming the Economic Crisis. In a short period of time, foreign trade and prices for the majority of goods and services, except for several items such as bread, milk, and municipal services, have been liberalized; budget subsidies for them have been abolished; manageability over the budget has been restored (during the first twenty days of November, the budget revenues increased by 179 percent, and the budget expenditures increased by only 102 percent, compared with the corresponding period last year; credits for budget deficit were sharply reduced—given the 170 billion rubles [R] approved for these credits, as little as R50 billion was granted); the Belarusian ruble has become our national currency; the National Bank's bank rate has approached the market interest rate; current deliveries of energy sources from Russia have practically been paid in full; our debt to Western creditors has decreased; the accumulation of debts has been halted; the financial discipline of companies has been normalized by curbing credits and subsidies; strict measures for saving energy have been introduced.

One must also admit, however, that while reforming the economy, delays in the establishment of a market and competitive environment, privatization and demonopolization of the production sector, further liberalization of foreign trade, and the implementation of the mechanism of bankruptcy have taken place.

Liberalization of the economy should be accompanied by appropriate measures for social protection of the people. Due to the fact that liberalization of prices was not coordinated with the introduction of measures for social protection of the poorest segments of society in the beginning of November, the balance between increases in prices and citizens' incomes was dramatically disrupted. By force of his power the president had to make a decision to introduce regulated prices for certain foodstuffs and support layers of society which suffered most from this.

In terms of strategy, this by no means stands for a rejection of the principle of free pricing as a market basis, on which reforms are being conducted in our country. The Cabinet of Ministers has been charged with introducing measures for social protection targeted exclusively at the poorest layers of society, in the form of targeted payments and benefits. This will make it possible to return to our consistent policy of liberalizing prices in accordance with the previously adopted program as early as December of 1994.

To overcome delays in separate directions of economic reforms, I have given the Cabinet of Ministers appropriate commissions that will make it possible to accelerate privatization and the transformation of enterprises into joint stock companies; to provide real financial support to entrepreneurship and to introduce the principle of establishing private production companies; to stop interfering in pricing processes, except for products and services of natural monopolies; to reduce subsidies for municipal services; to create a budget system, which will ease taxation pressure on the sectors of production and services, stimulate their development, and reduce inefficient budget expenditures; to reduce the deficit of payments by stimulating export, reducing import, removing limits in foreign trade, establishing a full-fledged market for hard currencies, and attracting foreign investors.

The aforementioned methods of carrying out economic reforms represent strategic directions for the Republic's development, which should later be presented in the form of a mid-term economic program of the president and the government.

The president and the government, while making all essential efforts aimed at establishing an entire system of legal and organizational assistance to the Program for Urgent Measures for Overcoming the Economic Crisis in the framework of constitutional requirements, are convinced that all layers of the Belarusian people, political parties, and public movements are supporting their practical work. We also count on the help of the world's economic community, its financial institutions, the governments of developed countries, and foreign business circles in achieving the goals we set.

Belarus Joins NATO Partership for Peace

LD2911132994 Moscow INTERFAX in English 1100 GMT 29 Nov 94

[FBIS Transcribed Text] The Belarus Security Council took the decision on Monday evening to join NATO's Partnership for Peace program.

Belarusian Foreign Minister Uladzimir Syanko will travel to Brussels on December 4 to sign the corresponding documents.

Hryb Returns From Poland, Notes 'Cooperation'

WS2911130294 Minsk BELAPAN in English 1600 GMT 28 Nov 94

[FBIS Transcribed Text] Upon his return from Poland, Chairman of the Supreme Soviet of Belarus Myacheslaw Hryb and other members of the Belarusian parliamentary delegation held a press conference on the results of the trip. In the course of the three-day official visit paid on the invitation of Jozef Oleksy, chairman of the Polish Sejm, the delegation intended to become acquainted with the Polish parliamentarians' activity and the mechanism of interaction of power branches, as well as to establish closer contacts between the parliaments of the two countries and reveal reasons hampering the development of cooperation.

Mr. Hryb stressed that the countries concluded over two dozens of bilateral agreements, but almost all of them did not work at all or worked extremely inefficiently. For instance, the agreement on establishing an interstate bank was signed three years ago, but things are not moving, and payments are carried out via Washington or New York. Meanwhile, the cooperation between the two states has every prospect of success. That is especially important taking into account that Belarus stands on the initial stage of market reforms, whereas its western neighbor has already got over it. This means that Belarus has a lot to learn from Poland. This year in Poland, production is expected to increase 10 percent against last year, and average monthly wage stands at about $240.

The delegation held talks with President Lech Walesa, as well as Jozef Oleksy, chairman of the Sejm; Adam Struzik, chairman of the Senate; Prime Minister Waldemar Pawlak; met with representatives of the Polish Ministry of Foreign Affairs and parliamentary committees. At present, there are about 260 public and political organizations and movements in Poland, but only a sixth part of them are represented at the parliament. Every parliamentary faction expressed willingness to meet with the visitors from Belarus.

At the press conference, Myacheslaw Hryb stressed that in spite of the fact that political factions at both the Sejm and Senate had a lot of differences, all of them, nevertheless, share one main thing—support to the general strategy of home and foreign policy. Volha Halubovich, deputy chairman of the Supreme Soviet's committee for family and youth affairs, who also went to Poland, declared in an interview to a BELAPAN correspondent that the Polish colleagues had displayed a sincere concern about both Belarus' problems and the development of bilateral relations.

Lech Walesa said openly: "I would not like to see tanks on the move near our eastern border." This statement is quite in line with the principle of neutrality declared by Belarus. "In order to make our state really independent both politically and economically, Mrs. Halubovich emphasized, "we should use the willingness of Poland and other countries of the region for cooperation." Speaking about ways of cooperation, she cited the Polish president who said: "The West is highly prompt. We must be prompt twice as much in order not to become an object of exploitation".

Former Defense Minister on Current Issues

WS2911130194 Minsk BELAPAN in English GMT 1600 28 Nov 94

[FBIS Transcribed Text] "Lukashenka has no right to be leader of the nation". With this statement, Pavel Kazlowski, former Belarusian defense minister, began his press conference on 28 November. He stressed that he was uneasy about the current developments taking place in the Belarusian Army. "Only in the last four-five months," he said, "over 3,000 officers—people who promoted reforms in the Armed Forces—left the service". The former defense minister dwelt at length on the rumors about selling an anti-missile missile plant S-300PMU1 to the American-Canadian A.T.O.S. Company. According to him, the BELTECHEXPORT company started an active agitation for selling this unique plant as far back as autumn last year. However, the former defense minister was adamantly opposed to this "because we should have done damage to defense capability". Pavel Kazlowski gave warnings of this twice to Prime Minister Kebich. Nevertheless, this year BELATECHEXPORT and A.T.O.S. signed a contract on selling the plant. "I view this as a crime", Mr. Kazlowski said.

The former minister of defense expressed his perplexity about a statement by Alyaksandr Lukashenka at a meeting with trade union leaders where he declared: "In the Army, there are 171,000 'bayonets.'" "The problem does not lie in the fact that the president cited this figure," he said, "the essence of the matter is that the commander in chief of the Belarusian Army (the president) does not know precisely what is under his command." According to Mr. Kazlowski, the Belarusian Army numbers about 40,000 people of serving staff. But the real overall strength of the Armed Forces is about 90,000 people. All the rest is construction and other organizations.

Of course, the former defense minister, whose son's wedding cost him the rank of colonel-general (now he is regarded as lieutenant- general who refuses to turn up for work), could not pass over in silence this unpleasant for him fact at the press conference. He declared that "the wedding caused no damage to the state". This is why he declared his intention to ask Attorney General Vasil Shaladonaw to relieve Vasil Dalhalew, chief of the control service at the Presidential Administration, and Viktar Sheyman, state secretary of the Security Council, of their posts, and to initiate proceedings against them for "fabrication of materials on the wedding". Pavel Kazlowski is going to press for holding parliamentary hearings about the current negative processes in the Army. The consideration of P.Kazlowski's civil libel action of claim against President Lukashenka "with a view to protect honor and dignity," is delayed. As is generally known, the former defense minister intends to demand public apologies from the president. A sitting of the court of the Sovietskiy district of Minsk, scheduled for October, did not take place. The next sitting is expected to be held in mid-December.

"However, the court and, perhaps, the Prosecutor's Office, are subject to pressure from the President's Administration with a view to drag out the court examination by any means", the former minister declared. He is going to press for abolishing the President's decree No. 83, according to which he was dismissed. He has no intention to cooperate with the present authorities, but lays claim to a seat at the new parliament.

Army Officer Retention Seen as Difficult

MM2911123094 Moscow KRASNAYA ZVEZDA in Russian 26 Nov 94 p 2

[Report by Valeriy Kovalev: "Is Trial by 'Zaychik' [Belarus currency] the Hardest?"]

[FBIS Translated Text] "Over the last two or three months," Consul Pavel Shestopalov of the Russian Embassy in Belorussia [Belarus] said, "the number of Belorussian servicemen asking us for citizenship has risen dramatically. Some days around 40-50 officers register at reception. Most of them are natives of Russia who ended up in Belorussian Army ranks by the will of fate following the breakup of the USSR."

Major General Aleksandr Zakharenko, chief of the Belorussian Defense Ministry Cadre Directorate, noted that this year 1,629 people have already been discharged. Of them only 456, i.e. 28 percent, left the Army on grounds of age and health, and 958 officers' applications for a discharge are currently being considered.

In 1993 2,390 Belorussian graduates were due to return from military higher educational establishments in CIS countries. But 407 new lieutenants stayed behind to serve in the Russian Army, 208 were discharged at their own request straight after graduating from school, and 268 after serving less than a year in the republic's Armed Forces. This year half of the graduates have already chosen in favor of the Russian Armed Forces. Meanwhile there are now over 800 vacancies at platoon-company level in the Belorussian Army. Take another significant fact. Since early 1993 around 700 airmen aged under 35 have left for Russia, and there are now more aircraft in the Belorussian Air Force than pilots. One of the main reasons for all this is the poor social protection afforded to the military.

Belorussian officers, for instance, receive less money than their Russian and Ukrainian counterparts by a factor of 5.5 and 2.4 respectively.

As a result of all this the republic's Armed Forces are suffering increasingly marked losses of officer cadres without a war, and this will take not only time but also vast sums of money to replenish. The Belorussian leadership finally seems to have realized that. By edict of Belorussian President Alyaksandr Lukashenka, servicemen's pay has been doubled as of 1 November. On the orders of the head of state the Defense Ministry has set up a working group tasked with drafting proposals to considerably increase the social protection of people in uniform.

Will the military department's proposals be accepted? Belorussia's highly complex economic position and its extremely limited financial possibilities may regrettably force Alyaksandr Lukashenka to cut the Defense Ministry's hard-won program of measures to increase social protection for servicemen.

Moldova

Cheptine on Need for Foreign Economic Assistance

AU2911150994 Chisinau BASAPRESS in English 1930 GMT 28 Nov 94

["Economic commentary": "Moldova's External Debts"]

[FBIS Transcribed Text] Chisinau BASAPRESS, 28/11/1994—In the years following the Declaration of Independence, Moldova used foreign credits amounting to $278.4 million. "The economic reform in Moldova is impossible without foreign assistance," declared Andrei

Cheptine, vice minister of economics. On the other hand, according to Cheptine, "most foreign credits were offered in the form of goods Moldova needed during various hard periods" and only 21.9 million were offered in hard currency. Generally, the external borrowing was required to maintain a favourable balance of payments due to imports of critically needed goods. Deputy of the Moldovan Agrarian Democratic Party Nicolae Oleinic, former vice prime- minister, stated that "Moldova has concluded 19 agreements according to which international and European organizations and foreign states granted credits worth $624.5 million, including $29.6 million for Dniester." The former vice prime minister also said that Moldova lacks a legal framework regarding reimbursement and oversight over the use of credits, while the National Bank, Ministry of Economics, and Ministry of Finance failed to conduct an analysis to identify economic motivations to secure credits or the paramount directions for their use. At the parliamentary debates on the draft budget, Minister of Finance Valeriu Chitan said that at the beginning of 1995 Moldova's external debt will amount to $398.9 million or 22 percent of the Gross National Product (GNP). Previously, Minister of Economics Valeriu Bobutac stated that "the external debt in 1993 stood at $171 million for which 5 million lei were paid as interest and in 1994 the debt will amount to $390 million for which 55 million lei will be paid as interest while in 1995 the interest due till be 330 million lei." According to experts, the stake on intensification of exports and reimbursement of loans from the revenues earned is illusory. The restrictive monetary and credit policies promoted by the National Bank and aimed at decreasing inflation have in fact discouraged trade, particularly with the Western countries. The decrease in exports combined with other negative evolutions like difficulties in forming the budget and the impossibility to sell on the domestic market the goods acquired by distributors at world prices made it difficult to pay the interest within the terms set and reimburse the credits. Andrei Cheptine, vice minister of economics, stated that in 1994 "budget revenues of 358.1 million lei stemming from the sale of goods received as foreign credits were forecasted; But until November 1 only 183 million lei were reimbursed." In this context, Gheorghe Rusu, head of the parliamentary commission for finance and budget, pointed out that "the government failed to ensure the reimbursement of credits already starting this year" and that in the 1995 draft budget 60 million lei of foreign credits are not covered with revenues. Deputy Nicolae Oleinic said that "under the conditions of economic crisis, lack of a program stipulating the expansion of production and use of credits mainly for the current needs complicate the reimbursement of credits." Experts think that Moldova should ask for flexible conditions for the reimbursement of its foreign debts in order to make the economic recovery and promotion of a development policy more likely.

Western Experts Help With Plant Conversions

AU2911150894 Chisinau BASAPRESS in English 1930 GMT 28 Nov 94

[FBIS Transcribed Text] Chisinau BASAPRESS, 28/11/1994—Beginning December 1, 1994, a conversion project for former military plants will be worked out in association with experts from Belgium, France, and Germany, BASA learned from Marian Lupu, of the Economics Ministry. He stated that the European Union allotted 1.5 million ECU through the "TACIS" [Technical Assistance to the Commonwealth of Independent States] Program for the project. In May 1994 a tender was announced and the firms with the most advantageous offers will carry out the project for eight months. Seveny-five percent of the whole amount of money were allotted to the Belgian Company CECOFORMA, 20 percent to French "Thomson" and 5 percent to German ESA. The Industry Ministry and six large former military complex enterprises—Sigma, Semnal, Topaz, Mezon, Micron and Raut—are the beneficiaries of this project. After Moldova's proclamation of independence, these enterprises have substantially decreased their output due to disrupted ties with the former Soviet military complex. The enterprises will be switched to producing equipment controlling aerial, terrestrial and maritime traffic, electric appliances and other products.

Russia Delivers 65 Percent of Gas Needs

AU2911160594 Chisinau BASAPRESS in English 1930 GMT 28 Nov 94

[FBIS Transcribed Text] Chisinau BASAPRESS, 28/11/1994—Russian gas deliveries to Moldova constitution 9.3 million cubic metres daily, that is 65 percent of the total needs of 14 million cubic metres, BASA learned from Valeriu Miron, "MOLDOVA-GAZ" deputy director general. Earlier, Russian company "GAZPROM" warned that gas deliveries will be reduced by 50 percent, but after the negotiations between Andrei Sangheli and "GAZPROM" representatives in Moscow, it was agreed to resume initial deliveries. Miron mentioned that population's needs during winter increase 300-fold in comparison with summer while gas prices are still unchanged. Moldova's debts for gas deliveries toward Russia already exceed $200 million, Dniester accounting for 50 percent of the debts. Miron noted that Moldova exports agricultural products, in particular apples, canned food, wines and cognac, to pay off its debts. In the last two months Moldova exported products worth 7 million lei.

Chisinau, Iranians Discuss Commercial Exchange

AU2911160694 Chisinau BASAPRESS in English 1930 GMT 28 Nov 94

[FBIS Transcribed Text] Chisinau BASAPRESS, 28/11/1994—Today, a group of Iranian governmental and businesses representatives headed by Noqrehkar Shirazi, Iranian vice minister of commerce, arrived in Chisinau.

The group began to negotiate with Chisinau officials on possibilities of commercial exchange, BASA learned from Ludmila Ciuraru, Economics Ministry spokesman. The group had meetings at the Economics Ministry, State Fuel Association and Industry Ministry. It also visited "Mold-expo" State Exhibition Centre. The Iranian side announced its availability to offer Moldova transport means, industrial products and banking services. Iranian businessmen said they will study the possibilities of participating in the conversion of the former military plants. The conditions of possible gas deliveries to Moldova were also discussed. The Moldovan side can export as payment food products and electric appliances. During its November 1-2 visit to Tehran, the Moldovan government delegation signed 7 agreements and contracts on importing 2.5 million tonnes of crude oil and 200-250,000 tonnes of liquefied gases. In the nearest future, another group of Iranian governmental and business representatives will arrive in Chisinau to discuss the conditions of oil and gas deliveries.

Bilateral Ties Welcomed

LD3011111994 Tehran IRNA in English 1102 GMT 30 Nov 94

[FBIS Transcribed Text] Moscow, Nov. 30, IRNA—The Moldovan parliament speaker, Pyotr Luchinskiy, said that there was no obstacle in the way of cooperation with Iran and welcomed expansion of bilateral ties. Luchinsky, on an official visit to Russia, made the remark in reply to a question by IRNA at a press conference.

He described the 18-month old relations between his country and Iran as good. He remarked that prospects for mutual relations was promising because Moldova needed Iran's oil and at the same time was interested in presenting its goods to the Iranian markets. The speaker noted that exchange of different delegations between the two countries was an important step towards cementing bilateral relations.

Views Vary Over Dniester Troop Withdrawal Plans

AU2911161994 Chisinau BASAPRESS in English 1930 GMT 28 Nov 94

["Political commentary": "Moscow Promotes Scenario Tested in Georgia"]

[FBIS Transcribed Text] Chisinau BASAPRESS, 28/11/1994—The Chisinau top officials are deeply concerned about what the political and military evolutions in Dniester will be after the decrease in the number of Russian peacekeepers. The recent visit by Russian Defence Vice Minister Georgiy Kondratyev in Chisinau and Tiraspol seems to be Moscow's reaction to Snegur's message to President Yeltsin. Though the message was not made public, reliable sources relayed that Snegur apprised Yeltsin of the Moldovan officials' concern about the reduction of Russian peace keeping forces and decrease in the area of the security zone. The Russian envoy did not have a firm mandate, it rather was a visit of survey—in Chisinau he met with Moldovan Defence Minister Pavel Kryange and in Tiraspol he met with Igor Smirnov and spoke before the 14th Army soldiers. The Moldovan officials covered Kondratyev's visit with too much secrecy. Nevertheless, the Russian general made some comments about his meeting with Kryange. He said that the 14th Army's withdrawal was not discussed because "the agreement has been recently signed and has not been ratified by the Moldovan and Russian parliaments." Kondratyev admitted that to his great satisfaction, Kryange did not insist on this problem. Only the departure of the Russian peace keeping installations, of the [passage indistinct]. Kondratyev refused to give other details on his meeting with Kryange, implying that he tried to convince the Moldovan side of the need for reducing all peace keeping forces.

During his meeting with 14th Army officers, Kondratyev said that it is absurd to require a withdrawal schedule since there is no mechanism of implementing the Russian-Moldovan Agreement. He urged them "to forget that there is such an agreement and carry on the mission assigned by the Russian Government." Soon after Kondratyev's departure to Moscow, Lebed stated to the newspaper KISHINEVSKYE NOVOSTI that "the 14th Army's withdrawal economically, technically and politically is not realistic," implying that this might lead to the repetition of the 1992 conflict situation.

In a press conference held in Chisinau after his return from the NATO Parliamentary Assembly, Deputy Speaker Nicolae Andronic stated that after the Russian peace keeping forces are reduced, the situation could escalate. Andronic does not exclude that Russia tries to implement the Georgian scenario when local authorities were forced to appeal to the help of the Russian soldiers deployed in the region. Andronic said he learned that certain Moscow forces try to condition the agreement's fulfillment with its ratification by the State Duma. "Taking this into account, in Washington we favoured international supervision of the 14th Army's withdrawal," he said. Andronic reiterated that international peace keeping forces should be introduced in the region.

'Secret' Equipment Evacuation Announced

AU2911130394 Chisinau BASAPRESS in English 1930 GMT 28 Nov 94

[FBIS Transcribed Text] Chisinau BASAPRESS, 28/11/1994—General Stepan Kitsak, military adviser of Tiraspol President Igor Smirnov, declared yesterday on the Dniester TV that the 14th Army military equipment was secretly evacuated. Kitsak said that taking advantage of the withdrawal of the heavy war machines of the Russian peace-keeping forces, the Tighina military repairs base commander tried to take secretly 15 carriers with equipment belonging to this military unit. Kitsak said that General Aleksandr Lebed, after Dniester authorities blocked the evacuation of these carriers, warned that certain sanctions will be applied. According to Kitsak, the 14th Army commander refuses to transmit the available barracks and other military buildings to the Dniester military forces.

Kazakhstan

Agreement With India on $25 Million Credit Grant

LD3011105394 Almaty Kazakh Radio Network in Russian 0700 GMT 30 Nov 94

[FBIS Translated Text] India has granted Kazakhstan a credit worth $25 million. An agreement on this was signed in Delhi by heads of the Trade and Industrial Chamber of Kazakhstan and the Association of Trade and Industrial Chambers of India.

The allocated funds will be first and foremost used for financing the purchase of Indian goods, including pharmaceutical products and equipment for the food industry and agriculture. Apart from this India will deliver to Kazakhstan huge batches of tea and products from the light and leather industries.

The Kazakh Government has also set import quotas for purchasing Indian copper, zinc, and mineral fertilizers.

As (Anil Agarval), the co-chairman of the joint Indian-Kazakh commission on trade and economic cooperation, reported, the agreement reached will help mutually beneficial bilateral relations to expand considerably.

Western China Region To Fund Projects in Semipalatinsk

LD2911103294 Almaty Kazakhstan Television Network in Kazakh 0700 GMT 28 Nov 94

[FBIS Translated Text] Close political, economic, and trade relations have been established between the neighboring People's Republic of China and the Republic of Kazakhstan during the last few years. Several days ago a working delegation of the Xinjiang Uighur Autonomous Region of China came to Semipalatinsk. An agreement on constructing a match factory, a paper-mill, and an alcohol plant was signed during the visit. Here is a report from our correspondent.

A delegation from the Xinjiang Autonomous Region of China headed by Mr. Alpysbay, governor of the Targaotay district, arrived in Semipalatinsk on a working visit. The delegation has been met by Bayurat Dualiyev, the deputy head of the Semipalatinsk regional administration. A delegation from Semipalatinsk region then held talks with the Chinese delegation at the regional administration office. The meeting was opened by the regional administration head Dzhakenov.

This visit of the delegation headed by the Targaotay district governor is no coincidence. The visit was scheduled in August this year when a delegation from Semipalatinsk was visiting China. This time the Chinese delegation included heads of trade and construction companies, transport and private businessmen.

In lively discussions the two sides arrived at positive solutions to the complications that currently exist in the trade sector, and concluded a bilateral agreement on building a match factory, a paper and cardboard manufacturing plant, and an alcohol and beer plant in Semipalatinsk. The Semipalatinsk side is to export 20 new machine oils [as heard] to its neighbor. In addition, it is planned to develop tourism and organize an exhibition of Chinese goods. The issue of exporting timber from the Beskaragay timber industry was also touched on. The delegations also made provision for setting up joint trade centers in Semipalatinsk on the sites of nonfunctioning enterprises.

At the end of the visit Semipalatinsk region head Dzhakenov handed over a package of documents signed by the two sides to the leaders of the Chinese delegation.

Foreign Minister: Relations With Russia Top Priority

LD2811175194 Moscow INTERFAX in English 1601 GMT 28 Nov 94

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] Kazakhstan Foreign Minister Kasymzhomat Tokayev said that developing relations with Russia is the top priority in Kazakhstan's foreign policy and will remain so "for many years, most likely forever."

Russia and Kazakhstan "are doomed to live together—without giving any negative meaning to the word 'doomed,'" Tokayev said in an exclusive interview with Interfax in Alma-Ata [Almaty].

Asked about a visit to Kazakhstan by Russian President Boris Yeltsin scheduled for December, the minister said: "A final understanding on a Russo-Kazakh summit has not yet been reached." "Work on this question is still going on," he added. He said he had recently sent a letter to his Russian counterpart, Andrey Kozyrev, reaffirming that the Kazakh side had nothing against the meeting taking place "at the scheduled time."

"(Kazakh) President Nursultan Nazarbayev will apparently soon send a message to the Russian head of state," the Kazakh minister said.

He said Yeltsin's "moderate reaction" to Nazarbayev's proposal for a new form of unification for post-Soviet states—a Eurasian Union (EAU)—"does not and cannot have any negative effect on the nature of bilateral relations (between Kazakhstan and Russia)."

Tokayev voiced the hope that the proposal, which "contains a considerable positive potential for the future," "will be used to develop the potential of the present-day Commonwealth (of Independent States)."

Going over to October's CIS summit in Moscow, Tokayev expressed the view that it "brought the EAU and CIS concepts into harmony with each other," which he saw as the meeting's "principal achievement."

He said there was a need for "a special document to ensure peace, stability and security within the CIS."

As for the problem of Kazakhstan's Cossack community, he described it as a "very sensitive" matter. "They (the Cossacks) definitely have the right to develop their distinctive culture and traditions. I'm aware that military uniform and weapons are inseparable parts of Cossack culture. But they have the same meaning for the Chechens and Ingush. Does that mean that everybody should be allowed to bear cold steel?" he said.

He condemned a Cossack rally in Alma-Ata on November 19, which "contradicted the legislation and was an insult to authority, which seeks stability in the republic. And stability is part of international relations."

"Political scientists believe that stability in a country as large as Kazakhstan is a contribution to international security. Those who try to undermine it should think about what they are taking on themselves, in also in international terms," Tokayev concluded.

Activities of Semirechye Cossacks Suspended

LD3011101494 Almaty Kazakh Radio Network in Russian 1500 GMT 29 Nov 94

[FBIS Translated Text] The activities of the Semirechye Cossacks have been suspended. As KAZTAG has reported, Nagashbay Shaykenov, justice minister of Kazakhstan, has issued an order suspending the activities of the Society for Assistance to the Semirechye Cossacks.

The order says that on 1 June this year the Ministry of Justice registered the society's statutes, which did not contain any contradictions to the Constitution and existing Kazakh legislation. According to the registration documents the society is not a military formation, does not pursue any political goals, and does not advocate ethnic, social, or religious intolerance or class discrimination. Participation in the concept proposed by the President Nursultan Nazarbayev on the ideological consolidation of society, the strengthening of civic accord, and the harmonization of interethnic relations and assistance in reviving the Cossacks' progressive historic traditions, customs, and rites were proclaimed as the society's main aims.

As the order of the Ministry of Justice notes, however, the society started its practical activities by breaking the law. Only a month and a half after registration the Ministry of Justice had to warn the society that it was violating clauses of the Constitution. Later it was repeatedly explained verbally to the leaders of this formation that such violations were inadmissible.

However, as is clear from reports from the prosecution bodies, the society, in contradiction of Article 55 of the republic's Constitution, has been acting as a structural division of the Russian Cossack community, which has been elevated to the rank of an armed force. In violation of Article 64 of the Constitution and the law on the administrative structure of the Republic of Kazakhstan, the society does not recognize the existing administrative and territorial divisions in the republic and has decided on names for settlements without authorization.

The order stresses that illegal actions of an everyday nature aimed at whipping up interethnic conflicts were committed and unauthorized meetings, calling for things that were not in line with the society's purposes and goals established in the statutes, were held by some divisions and members of the society in the Alma-Ata [Almaty] and Taldy-Kurgan regions and in Alma-Ata.

Acting in accordance with Article 24 of the law on public organizations in the Kazakh Soviet Socialist Republic, the justice minister has issued an order suspending the activities of the Society for Assistance to the Semirechye Cossacks and its President Ovsyannikov, for six months from 28 November 1994 until 28 May 1995 for violating Articles 55 and 64 of the Constitution, Articles 4 and 17 of the law on public organizations in the Kazakh Soviet Socialist Republic, Article 7 of the law on universal military duties and military service, and the regulations of the society's own statutes.

Tajikistan

Rakhmanov Receives British Head of Gold Project

LD3011105294 Dushanbe Radio Tajikistan Network in Russian 0400 GMT 29 Nov 94

[FBIS Translated Text] Tajik President Emomali Rakhmanov yesterday received Richard Wilkins, commercial director of the (Commonwealth and British Minerals and Zerafshan Joint Venture), a Tajik-British company. The British businessman said the Zerafshan joint venture has been granted a high honor: It has been registered on the Toronto stock exchange because of its many years of work, and Tajikistan has been entered on the stock exchange listings.

Capital is to be attracted from financial institutions in North America and Western Europe to implement the joint British-Tajik gold mining venture. This will make it possible to start extraction of the precious metal from the end of 1995. Here the commercial director noted that all environmental protection measures will be strictly observed.

Emomali Rakhmanov voiced approval for the joint venture's project, and expressed his readiness to support its implementation as soon as possible. The head of the state noted that all conditions favorable to investments will be created in the country.

Yuldashev, adviser to the head of state, was present at the meeting.

Russian Troops Chief Discusses Border Situation

LD2911132394 Moscow Ostankino Television First Channel Network in Russian 1052 GMT 29 Nov 94

[From the "Novosti" newscast]

[FBIS Translated Excerpt] According to military intelligence here, in the foothills of the Pamir mountains, in the kishlaks on the Afghan shore, over 600 militants of the Tajik opposition are gathered. The Russian border guards repel two or three attempts at armed border violations every day in this mountain area.

The situation, which has become more complicated, the problems of the border guards and the preparation of the border outposts for winter were the subjects that Andrey Nikolayev, commander of the Russian border troops, focused on during his one-day visit to Dushanbe. In his long talk with Tajik President Emomali Rakhmanov, he was sorry to note that the cease-fire agreement signed a month ago in Islamabad was not being honored by the opposition. Since then the border had been violated dozens of times, most of the violations accompanied by rocket shelling of posts and outposts. [passage omitted]

Russian Delegation Inspects Tajik Borders

LD3011103194 Dushanbe Radio Tajikistan Network in Russian 0400 GMT 30 Nov 94

[FBIS Translated Text] A group of deputies from the Russian State Duma arrived in Dushanbe yesterday. The same day it was received by Tajik President Emomali Rakhmanov.

The Russian parliamentarians congratulated Emomali Rakhmanov on his election to the high and responsible office of the republic's president and expressed their desire to further strengthen relations and cooperation between the parliaments of the two states.

The other goal of the State Duma deputies' visit is to study the situation on the Tajik-Afghan border.

Leonid Petrovskiy, head of the group, said the situation now arising is such that the reinforcement of this sector of the borders of the CIS countries should be considered.

Head of State Emomali Rakhmanov, told his guests about the political and social situation in Tajikistan and spoke of the measures being taken by the government to bring the country out of economic and social crisis.

Now here is an interview given to our correspondent by Lieutenant General (Vladimir Rudlayev), a member of the Russian parliament delegation, head of the inspectorate of the Russian Federal Border Service.

[Begin recording] [Correspondent] Tell me, please, about the goals and the purposes of your visit.

[Rudlayev] Our group contains deputies from our State Duma, so naturally, in accordance with their wishes, we intend to show them how our border guards carry out their service all over Russia, not only in Russia but also in the near abroad.

We started our tour from Murmansk, then Yerevan, the border with Turkey, and now Tajikistan. And you know perfectly well, these are what we call hot spots and we want to know how the Tajik leadership views this issue and how our border guards are carrying out their tasks. This will show the deputies what a border is, how it is guarded and with what forces and resources, and what kind of budget is necessary. Our main task is to show this.

We know where drugs, weapons, and—literally—bandit formations are coming from and how to make the border peaceful. Thus, our main task is to make our state officials and our government understand that our border guards are carrying out their duties properly on the basis of the budget, in other words, that they are currently implementing all our tasks. I think they will understand this. I think they will come to the right conclusions proceeding from all these conditions. And this is our task.

[Correspondent] A Supreme Council session will take place in our republic in a few days time. Will you take part in this session?

[Rudlayev] If we are invited we can participate. Yes, if they invite us.

[Correspondent] Tell me please, will you hold a news conference after your work is completed in our Republic?

[Rudlayev] We will tell you a little later. That depends on how much time there is. [end recording]

Voluntary Surrender of Weapons in Shahrinav District

LD2911134794 Dushanbe Radio Tajikistan Network in Tajik 1200 GMT 29 Nov 94

[FBIS Translated Text] One of the points in Emomali Rakhmanov's election manifesto was the confiscation of weapons illegally held by the people.

After his election to the supreme post, Rakhmanov began to fulfill this task straight away. As our dear radio listeners know, the day for the voluntary surrender of weapons in Tursunzoda town and district was transformed into a day of peace and tranquillity. The former members of the Popular Front and other people voluntarily surrendered their weapons to the law enforcement bodies.

A similar campaign took place in Shahrinav district, a neighboring district to Tursunzoda, today. First of all, the former members of the Popular Front in this district surrendered their weapons. The campaign for the voluntary surrender of weapons turned into a day of peace and tranquillity. Thousands of residents of the district are happy and the people are convinced that Emomali Rakhmanov will keep his promises and will take all measures for the Republic's development. We hope that this noble initiative will be supported in the whole territory of the republic and that the people will voluntarily surrender their weapons.

Uzbekistan

Karimov Discusses CIS Meeting, Tajik Elections, Foreign Aid

LD2911212394 Tashkent Uzbekistan Television in Russian 1635 GMT 29 Nov 94

[News conference held by President Islam Karimov for members of the Tashkent diplomatic corps and correspondents in the Palace of the Friendship of the Peoples in Tashkent on 29 November—recorded]

[FBIS Translated Excerpt] [Karimov] [passage omitted] The third question I want to draw your attention to is the questions connected to the meeting of CIS heads of states that took place, as you know, on 21 October 1994.

This CIS meeting examined issues of the further deepening of integration and also agreed measures to resolve the problems that exist today. I will make use of today's presence of the diplomatic corps and representatives of the press to express once again, to repeat, my attitude to the principle questions, in our view, connected to the prospects for the development of the CIS.

Unlike the supporters of the creation of various kinds of new forms of associations proposing that work begin on forming supra-state political structures and superstructures like the so-called Eurasian Union, we believe in Uzbekistan that today there is no alternative to the CIS, despite the weak points that can be noted in it, and that it meets the national state interests of all its members.

A somewhat paradoxical—I would say incomprehensible—situation is forming where they want to lead the public of the CIS, all CIS countries, into delusion. The fact is that CIS countries that exist today in the post-Soviet area are experiencing various degrees of crisis—politically and economically. It is namely the disastrous situation of people that sometimes creates nostalgia for those times when the USSR existed. They want to use this to create the impression that at one time everything was good, and now independent princes, as they say, have appeared, independent principalities that are incapable of dealing with their situation. In this sense various forms of association are proposed that will supposedly save the situation; namely, the creation of various suprastate political structures such as a single parliament, a single citizenship, and various suprastate executive structures. But they are given a certain decorative democratic nature, and with this they want to lead everyone who lives in the post-Soviet area into delusion. Tell me, please, if there is a single parliament, a single citizenship, a single armed forces, what should this state be called? And various, I would say, vagaries around this issue have a single nature—and I will repeat it once more—to bring ordinary people into delusion.

In our view integration has to begin with the economy. A house, as I said at the CIS meeting in Moscow, a house is not built starting with the roof; a house is built starting with the foundations. And the foundations in all times has been the economy. It is economic integration that will create the prerequisites that will allow and ensure integration in all other areas, first and foremost in questions of culture, the spiritual sphere, and in questions connected as a whole with cooperation between the states that today make up the CIS.

This tendency meets those decisions that were taken at the CIS session, such as on the basic directions of CIS integrational development, the prospective plan for the integration and the development of the CIS, the creation of a payments union and also the creation of an inter-state economic committee. We believe that the formation of these structures is that beginning which will ensure profound integration, first and foremost on economic questions.

I would like to draw your attention to this fact—everybody, when a lot is being said about the Eurasian union, when they speak to their electorates and speak about the need for integration, in deed do little so as to implement their declarations with specific, practical steps, The creation of an inter-state economic committee must ensure economic integration and the implementation of the document adopted 18 months ago on the economic union. More than a month has passed since the decision was taken to create the economic committee, but no practical steps on starting the work of this body are being taken. This latest decision may really become the 401st decision taken by the CIS that remains on paper. [Word indistinct] to those who say an awful lot and loudly at all forums about integration but in deed do virtually nothing. In the solution of all these problems, the role of Russia as a great power is very great, but in practice Russia does not go beyond declarations. [passage omitted]

Uzbekistan greets the first shoots of the positive changes that have appeared in Tajikistan. Confirmation of this, in our opinion, are the recent Tajik presidential elections on a multi-party, competitive basis. At the same time, together with the elections, as you know there was a referendum on adopting the constitution. And the Tajik people voted for its adoption.

I would also like to state today that it is too early to talk about the stabilization of the political and economic situation in Tajikistan. I would like, taking advantage of the fact that ambassadors of great states are present here, to draw attention to the fact that the forthcoming winter or the winter that has already started in Tajikistan threatens the most serious tragedies for the people of

Tajikistan. If we do not help and render humanitarian aid to Tajikistan, the 5 million people of Tajikistan will find it very difficult to survive this winter.

Taking the occasion of this meeting today, I would like to say in regard to the giving of humanitarian aid by international organizations and various financial international organizations that there is a tendency that is incomprehensible to me. While rendering humanitarian aid, if you analyze this situation on the example of individual states, you will be convinced that humanitarian aid is, as a rule, rendered not to a suffering people but taking into the account what political authority its leaders enjoy in the world. And this is a paradox. You will agree with me that humanitarian aid is designed not for leaders and not for certain political systems, but humanitarian aid, as humane aid, is designed for people suffering great deprivations. [passage omitted]

Karimov Criticizes Afghan Government

LD2911194494 Tashkent Uzbekistan Television in Russian 1635 GMT 29 Nov 94

[Interview with President Islam Karimov by unidentified INTERFAX correspondent in the Palace of the Friendship of the Peoples in Tashkent on 29 November—recorded]

[FBIS Translated Text] [Correspondent] Islam Abduganeyevich, last week a delegation from Afghanistan visited Uzbekistan, headed by Dr. Najibollah Lafra'i, the minister of state for foreign affairs. Could you say a few words about the results of this visit and about the nature of the message given to you by the delegation head from President Borhanoddin Rabbani.

[Karimov] It is true that last week Mr. Lafra'i, the Afghan foreign minister, visited Uzbekistan. His visit took place at the invitation of the Uzbek Foreign Ministry. That is, the initiative for the meeting came from Uzbekistan. Our task was to exchange opinions on a circle of questions that, sometimes proceeding from some political considerations, are sources of tension in relations between the two countries. That is you, representatives of the press, know that in various circles questions were raised that Uzbekistan is supposedly giving some kind of assistance to the north, I mean General Dostam. Incidentally, in my conversation with Mr. Lafra'i, I asked him: Why do you call General Dostam an Uzbek general? He categorically disassociated himself from this, and said that this was the invention of various international radio stations, Liberty, the BBC, and others, and also the Russian press.

During the meeting we exchanged opinions on these questions and on the question of establishing stability and halting the war in Afghanistan. I stress once again that we really do help the north of Afghanistan, and today we are helping. I want to stress once again that we give electricity for virtually no payment and give humanitarian aid. Incidentally we agreed with Mr. Lafra'i—and this replied to the letter from Mr. Rabbani—that Uzbekistan is ready to give humanitarian aid to Kabul. And Mr. Mohammad Aman—obviously the Afghan ambassador is here—we are holding talks at present on how to send this humanitarian cargo to Kabul.

I put a question to the foreign minister on one issue: When will you ensure security on the borders between Afghanistan and Tajikistan? And in general, as the government of Afghanistan, are you in a condition to ensure security on the borders between Afghanistan and Uzbekistan and Afghanistan and Tajikistan? Why do you offer your territory to mercenaries from Sudan, Algeria, and other such states, and from where they took part in the recent gangster-style attacks on the territory of Tajikistan. Why, if you are fighting for peace, for stability, why do you offer your territory to mercenaries? He said that they are concerned themselves by this, that they themselves do not want this, but this is taking place despite their wishes. Then the question arises: In general does a government exist in Afghanistan or not? A government that can control its territory?

With regard to the message from President Rabbani, these questions were skirted around. Mr. Rabbani expresses confidence that everything that exists in our relations today is, first and foremost, a misunderstanding and we will supply, as he put it on his part, everything necessary for there to be mutual understanding and long-term cooperation between Afghanistan and Uzbekistan.

WHO Representatives To Assist Health Care Reforms

LD3011110694 Tashkent Radio Tashkent Network in Uzbek 0600 GMT 29 Nov 94

[FBIS Translated Text] Representatives from the World Health Organization [WHO] and specialists from Germany, Romania, Britain, Mongolia, Russia, and other states have begun carrying out a project of recommendations and practical assistance for Central Asian medical workers. The project envisages improving health care provision, especially funding for this sector and assistance in utilizing resources for the medical sector. A package of measures to support important health care projects in the Central Asian republics within the framework of the Carenet program has been especially worked out by the international health care organization and is now being implemented.

The consultative conference, which has begun its work in Tashkent is one such measure. Health ministers from a number of states are taking part. The conference is devoted to management of the medical sector and funding for it.

The funding and management of health care in Uzbekistan have their own specific characteristics, Health Minister Shavkat Karimov said. They are pursued on the basis of the legislation passed by parliament and the regulatory legal documents issued by the government. The economic reforms, market relationships, and free competition that are being implemented in our republic are being introduced to the health sector as well. New sources of funding are being sought and found. The government provides free medical services within the limits that it can back financially, but this is not generally enough to improve medical services.

Only if different kinds of paid medical services are introduced can health care be raised to a high standard. However, the money for treatment should not be paid by the patient, but rather covered out of the funds of the enterprise, establishment, or organization where the patient works.

Ways of moving over to a medical insurance system separate from the money the government allocates to health care from the state budget are being worked out. Uzbekistan's Government was the first in the CIS to issue a law on private treatment. The right to charge for treatment has been granted to a number of medical establishments and individual doctors recently. There can be no doubt that this will lead to a raising of standards in the medical services available to the population. This is the experience of many developed states such as Turkey, the United States of America, Germany, as well as Russia and other CIS states. Uzbekistan's doctors are studying this experience too.

The visiting WHO representatives, particularly Konstan Sakelaridas, the head of its European medical services bureau, and Sardor Savish, the organization's regional adviser, are rendering invaluable assistance. During the three-day conference the WHO experts will hold study meetings with Central Asian medical workers. They will exchange experiences and draft joint recommendations for assistance in reforming the funding of medicine.

Fraud, Embezzlement Uncovered in State Pension System

LD3011194094 Tashkent Radio Tashkent Network in Uzbek 1230 GMT 29 Nov 94

[FBIS Translated Text] Today, an expanded-format meeting took place at the republican prosecutor's office on the results of checks on the implementation of republican laws on securing state pensions for citizens of the republic. Uzbek Social Security Minister Bahodir Umirzoqov, Rahmonberdi Zikirov, the chairman of the Uzbekpochtasi [Uzbek postal service] concern, and Akrom Nuritdinov, the deputy director of the social security fund department under the Cabinet of Ministers of Uzbekistan, reported on work done in their areas. The prosecutors of the Karakalpak Republic, the regions, and Tashkent city took part in the meeting. It was chaired by Mustafayev, the prosecutor general of the republic.

The checks carried out by the prosecutor's offices showed that the implementation of the republican law on providing state pensions for citizens of the republic and of the governmental resolutions passed on 3 September 1993 and 10 January 1994 is unsatisfactory. Monitoring of these laws and resolutions by the local prosecution organizations is not at a high level. At certain social security establishments, cases of embezzlement of funds, criminal abuses, forgery, and bribery were discovered. There is red tape in the processing of the documents for allocating the benefits. The post office workers are also paying less attention to their duties to provide the pensions and pay them on time.

All such cases were criticized, and it was stressed that cases of legal violations should be eliminated immediately they are identified, and monitoring by the prosecution service should be increased in order to meet legal requirements on the ground and to press legal charges against those who are guilty. Appropriate decisions were taken on each issue considered at the meeting.

Armenia

Vice President Visits Iran To Discuss Economic Ties

NC2911222194 Yerevan Radio Yerevan International Service in Armenian 1615 GMT 29 Nov 94

[FBIS Translated Text] An Armenian delegation headed by Armenian Vice President and Chairman of the State Commission on Coordinating Armenian-Iranian Ties, Gagik Arutyunyan, paid a working visit to Iran between 25-27 November to examine progress on implementing the agreements and concrete programs signed between a number of Armenian and Iranian ministries and departments, as well as to give a new thrust to the bilateral ties.

Current problems relating to bilateral ties were analyzed in detail during the meeting of the chairmen of the commissions on coordination of ties between the two countries, the work done thus far was summed up, and a basic direction for future joint projects was clarified. It was decided to hold a joint session of the state commissions on coordinating the ties between the two countries in Yerevan between 10-14 January 1995. The framework of issues to be discussed at the meeting and the procedure for organizing the preliminary work was determined.

In addition to resolving many practical problems, an interstate agreement on cooperation in scientific and cultural spheres was also signed during the visit.

At the end of the visit it was noted that Armenian-Iranian ties are entering a qualitatively new phase of productive expansion and all-around development.

Velayati Calls For Withdrawal From Azeri Land

NC2811192294 Baku TURAN in English 1306 GMT 28 Nov 94

[FBIS Transcribed Text] Tehran, November 28 (TURAN)—On November 27 Iran's Foreign Minister, 'Ali Akbar Velayati, called on Armenian Vice-President, Gagik Arutyunyan, to "withdraw Armenian forces from occupied territories in the Republic of Azerbaijan". Gagik Arutyunyan is in Tehran with official visit.

Velayati added that "continuation of the conflicts would be detrimental to the whole region" and expressed hope that "a just peace would be soon established in the Caucasus".

Radio Liberty reports that Gagik Arutyunyan said: "I am grateful to Iranian party for it understands seriousness of the conflicts and also seeks its solution".

Train Carrying Fuel Stopped by Azerbaijan

NC2911202094 Yerevan SNARK in English 1246 GMT 29 Nov 94

[FBIS Transcribed Text] Tbilisi, November 29. (SNARK)—Azerbaijani Authorities do not let the fuel train to pass to Georgia intended for the Group of Russian Army in Transcaucasia (GRAT). SNARK was informed about that in the headquarters of GRAT.

This fuel is intended for the planes, which deliver food and first need goods for Russian soldiers. There had been an agreement between the GRAT headquarters and Azerbaijani President Geydar Aliyev about the unimpeded pass of trains to Georgia with cargo for Russian soldiers.

Meanwhile, according to trustworthy sources, the train is delaying on the territory of Azerbaijan by the instructions of the country's special services, which unfoundedly think that the fuel must be directed to Armenia.

Embassy Denies Energy Sold to Armenia

NC2911204394 Yerevan SNARK in English 1246 GMT 29 Nov 94

[FBIS Transcribed Text] Tbilisi, November 29. (SNARK)—November 29 statement of Armenian Embassy to Georgia about the fact that "Gruzenergo" [Georgian energy] department sells part of its energy to Armenia does not correspond to reality.

The statement was made on the occasion of November 24 Georgian Control Palace Chairman Revaz Shavishvili's speech in Parliament who declared about Georgian energy selling to Armenia by Department "Gruzenergo."

Such not confirmed statements, the document says, can't effect tradition [item incomplete as received]

'Necessity' for Further Price Hikes Explained

NC2911204294 Yerevan SNARK in English 1126 GMT 29 Nov 94

[FBIS Transcribed Text] Yerevan, November 29 (SNARK)—Before the 11-time price increase on bread, Armenian Government appealed the nation to realize the necessity of this step.

The document, promulgated today, reads that "the price increase on bread and energy is not forced or dictated by anyone, in this case by International Monetary Fund. [no closing quotation mark as received]

At the same time the government assures that it has been and is doing everything in order to avert the possible negative consequences of price increase. They will not let the life level fall once again.

The government assures that "hardships are behind" and "year by year [item incomplete as received]

Azerbaijan

U.S. Ambassador Hands Aliyev Letter From Clinton

NC2911211094 Baku TURAN in English 1208 GMT 29 Nov 94

[FBIS Transcribed Text] Baku, November 29 (TURAN)—Today Azeri President received the U.S. Ambassador to Azerbaijan, Richard Kauzlarich. American Ambassador handed President Aliyev the letter from the U.S. President Bill Clinton.

Richard Kauzlarich mentioned that this letter has been written in connection with the forthcoming summit of the CSCE in Budapest. "This summit is very important for all countries, especially for Azerbaijan and its settlement of the Nagorno-Karabakh conflict", American Ambassador said. Richard Kauzlarich said that the issue concerning creation of the CSCE peace-keeping forces will be discussed on that summit.

President Aliyev said that relations between Azerbaijan and the United States are stable and they have prospects for improvement. "Being Azeri President, I made every efforts to establish close relations between Azerbaijan and the U.S. These relations are priority for us", he mentioned.

President Aliyev mentioned that Russia and the CSCE cooperate in settlement of the Armenian-Azerbaijani conflict and elements of competition are observed here as well. "Unfortunately, the CSCE Minsk Group is passive in the peace-keeping process and I would wish the Minsk Group to be more active since Azerbaijan gives priority to mediation of the CSCE", President Aliyev said. At the same time, President Aliyev mentioned that it is impossible to ignore Russian Federation in this process due to close relations between Armenia and Russia. President Aliyev wished the Armenian-Azerbaijani conflict to be seriously considered during the summit in Budapest.

"In this aspect I highly assess the letter of Bill Clinton since it is the sign that the United States take Budapest's summit of the CSCE seriously and I would like my wishes come true", Azeri President said.

Source: Meeting of Presidents in Moscow Scuttled

NC2911205394 Baku TURAN in English 1208 GMT 29 Nov 94

[FBIS Transcribed Text] Baku, November 29 (TURAN)—Boris Yeltsin's proposal to hold a meeting of Russia's, Azerbaijan's and Armenia's presidents on December 1 in Moscow will not take place due to Armenia, TURAN was told by the source, close to Geyday Aliyev.

According to the same source, Deputy Foreign Minister Tofiq Zulfugarov, who was to arrange the meeting of three presidents together with representatives of Armenia, has left some days ago for Moscow. But Armenian representatives did not take part in the arrangement of meeting and so they prevented the meeting of the presidents.

Speaking about the essence of the preparatory works for the meeting, he noted that "Azerbaijan could meet them half-way only in case if Armenia would be ready to resolve the issue concerning Shusha and Lachin, if Armenia is going to continue keeping these occupied Azeri territories, the meeting is meaningless."

Concerning the forthcoming meeting of the countries-members of the CSCE in Budapest, the source noted that "at the meeting Azerbaijan will use all the opportunities to defend its interests and will raise the question of Shusha and Lachin again."

Aliyev Urges Russia To Return Coup Plotters

NC2911203994 Baku TURAN in English 1208 GMT 29 Nov 94

[FBIS Transcribed Text] Baku, November 29 (TURAN)—Yesterday at 21:30 the meeting dedicated to October 4, 1994 events completed.

The participants of the meeting issued an appeal, in which they called on the authorities to take appropriate measures to return Ayaz Mutalibov, Vagif Huseynov, Ragim Gaziyev, Suret Guseynov and Alikram Humbatov, to their country and to make them answerable for the coup attempt.

The appeal reads that "the leadership of Azerbaijan must officially appeal to the Russian Government for extradition of the above-mentioned persons, as state criminals."

In his final speech President Aliyev said that "the Karabakh problem arisen due to political shortsight and non-decisive steps of that leadership as well as unfair regard of the former Soviet leadership for Azerbaijan."

President Aliyev mentioned that Azerbaijan did not have army while Armenia has been creating professional army that time. Ayaz Mutalibov, being Azeri president, created his own illegal armed group under "Gardashlyg" [brotherhood] society. "this situation remained the same under the leadership of the PFA [People's Front of Azerbaijan] as well. The gross error of the current leadership is that side by side with official force structures there are also illegal groups, which serve interests of separate individuals of political forces", President Aliyev said. He said that due to this reason the PFA lost its rating among the nation and incompetent people like Suret Guseynov had come to power.

President Aliyev said that ex-Premier, Suret Guseynov, repeatedly told him that representatives of all political parties, including Musavat, the PFA, Social-Democratic Party as well a Rovshan Javadov offered him to unite against Azeri President. President Aliyev also added that they intended to create coalition with Ayaz Mutalibov in Moscow.

President Aliyev said that signing of oil contract accelerated the process of coup preparation. He mentioned that a Russian diplomat told him that Suret Guseynov confidentially declared that he is against this contract and he stands for union with Russia.

Azeri President further said: "Let everybody know that the coup attempts of any forces are doomed to failure, the nation will not give up its freedom and independence. As a President I declare that Azerbaijan will not swing off the road of independence. I will bring this process to an end or will be a shehid (martyr) on this way."

President Aliyev said that Mutalibov's group located in Moscow plans to destabilize the situation in Azerbaijan. "The Prosecutor's Office, Ministry of Interior, Ministry of Defense and Ministry of National Security must appeal to appropriate bodies of Russian Federation to return these criminals to Azerbaijan and they must face the court."

MKL Calls For Identification of Azerbaijan as 'Aggressor'

NC2911211194 Baku TURAN in English 1537 GMT 29 Nov 94

[FBIS Transcribed Text] Baku (November 29) TURAN—On the eve of the CSCE's summit meeting in Budapest the Movement for Karabakh's Liberation (MKL) appealed to the participants of the forthcoming meeting, heads of foreign embassies in Azerbaijan to promote in unambiguous identification of the aggressor in the Armenian-Azeri conflict.

The appeal of MKL reads that only the care of the countries, which have a strategic interests and indecision of the world community let Armenia to expand the aggression against Azerbaijan and to seize the most part of its territory.

MKL called the UN and the CSCE to recognize Armenia as the aggressor and to take sanctions against it. MKL notes that the UN and the CSCE should stop the attempts of some forces to give the status of the disputable question. The MKL stood for international control over the Lachin corridor and the number of Turkish troops should not be less than the number of troops of other countries, entering the international peacekeeping forces. "There is not Azerbaijan without Shusha and Lachin," reads the appeal.

Georgia

Shevardnadze Cancels Meeting With Abkhazia's Ardzinba

LD3011110194 Tbilisi SAKINFORM in Russian 0512 GMT 30 Nov 94

[FBIS Translated Text] A meeting between Georgian Head of State Eduard Shevardnadze and Vladislav Ardzinba, the Abkhaz separatist leader, which, according to UN Secretary General Butrus Butrus-Ghali's proposal, was expected to be held in Geneva on 2 December, will not take place. Eduard Shevardnadze has told journalists that the meeting has been postponed until 21 December. However, since the Abkhaz side's demarche proclaiming Abkhazia an independent state and subject of international law, the meeting has lost any meaning. Instead, the Georgian leader intends to meet the UN secretary general in Budapest, where he will go at the beginning of December to take part in a meeting of CSCE heads of state.

[Tbilisi Radio Tbilisi Network in Georgian at 0800 GMT on 30 November adds: "It has emerged that Eduard Shevardnadze, chairman of the Georgian parliament and head of state, will pay a short visit to Turkmenistan on 2 December."]

Shevardnadze Calls Emergency Parliamentary Session

LD2911133694 Moscow INTERFAX in English 1100 GMT 29 Nov 94

[FBIS Transcribed Text] Georgian leader Eduard Shevardnadze has issued the directive on the convocation of an emergency parliamentary session on December 1, Shevardnadze's press service told Interfax on Tuesday [29 November].

The session is to discuss the causes of the energy crisis and also questions pertaining to the Abkhazian constitution which proclaims Abkhazia's independence.

Abkhaz Leader Comments on Independence, Negotiations

LD2911153594 Moscow INTERFAX in English 1340 GMT 29 Nov 94

[FBIS Transcribed Text] President Vladislav Ardzinba of Abkhazia, the breakaway region of Georgia declaring independence from Tbilisi on Saturday [26 November], has expressed certainty that negotiations on a regional settlement will not stop even if Abkhazia adopts a new constitution.

Speaking in Sukhumi on Tuesday, he maintained that the new constitution would make little change in the status of Abkhazia which was a sovereign state under the 1925 constitution.

"While the 1925 constitution was based on principles such as dictatorship of the proletariat and class struggle, the new one meets all standards of international law", he stressed.

The president has described Georgian leader Eduard Shevardnadze's statement following the declaration of Abkhaz independence as an emotional document not befitting a statesman.

He called on the Georgian authorities to renounce an ideology of aggressive nationalism and colonial thinking.

Ardzinba said his meeting with Shevardnadze scheduled in Geneva on December 2 will be held later because of inability by Russian Foreign Minister Andrey Kozyrev to arrive in Switzerland on that day. "Eduard Shevardnadze has not refused to take part", the Abkhaz leader said.

Adoption of New Abkhaz Constitution Viewed

MM2911160394 Moscow PRAVDA in Russian 29 Nov 94 p 1

[Report by Igor Lenskiy: "Abkhazia Chooses Freedom. Abkhaz Supreme Soviet Meets and Adopts New Constitution Proclaiming a Republic and an Independent Sovereign State"]

[FBIS Translated Text] The deputies unanimously elected Vladislav Ardzinba the first president of Abkhazia and Sokrat Dzhindzholiya chairman of the Supreme Soviet. Soon there will be a referendum on confidence in the president.

The Supreme Soviet statement says that it is necessary to continue the traditions of more than 1,000 years of Abkhaz statehood. The previous constitution of 1925 has ceased to have any meaning, because it was based on quite different realities and on a system of organs of state power that no longer exists. At the same time, the statement stresses that "Abkhazia is not breaking off the negotiating process with Georgia and is prepared to continue it with the aim of creating a union state with two equal components."

As you might expect, Tbilisi reacted extremely badly. In an alarmist appeal to the world community E. Shevardnadze described the Abkhaz as "separatists" and called for "effective measures within the framework of the UN Charter, the CSCE, and the CIS" to be taken against them.

Natella Akaba, parliamentary deputy and press minister, told PRAVDA about the Supreme Soviet session on Saturday [26 November]. In the presence of guests and journalists, Vladislav Ardzinba, summing up the latest Georgian-Abkhaz meeting in Geneva, said that the talks were evidently headed in the direction of a confederation. And a confederation, as is known, cannot comprise unequal parts. What we are talking about now is a union of two states—independent and sovereign. So we have to declare ourselves in a more definite form. According to N. Akaba, Georgia, by its endless talk about "broad autonomy" (which no one in Abkhazia takes seriously), itself prompted the Abkhaz parliament to adopt a new Constitution. Moreover, N. Akaba believes, if Georgia refuses to form a confederation with Abkhazia for whatever reason, then it will be reasonable for Abkhazia and Russia to establish confederative relations.

The Abkhaz parliament's decisive step appears entirely logical if you consider the results of the Georgian-Abkhaz war: Georgia's loss of control over Abkhazia in this context is a form of responsibility for the armed invasion of 14 August 1992.

A senior Russian Federation Foreign Ministry aide, who wished to remain anonymous, decribed the Abkhaz parliament's move in conversation with your correspondent as "extremely unexpected, leading to the removal of Russia and the United Nations from the Geneva talks, their possible breakdown, and a further exacerbation of the conflict." In the diplomat's opinion, the Abkhaz are unlikely to obtain international recognition and support.

Igor Akhba, Abkhaz ambassador to the Russian Federation, told PRAVDA that there was nothing sudden about it—the draft has been under discussion for six months and Russia knew what was going on. Nonetheless, the meeting between V. Ardzinba and E. Shevardnadze, set for 2 December under the auspices of the United Nations, the CSCE, and the Russian Federation, will not take place.

Estonia

Baltic Defense Forces Pledge More Cooperation

LD3011105794 Vilnius Radio Vilnius Network in Lithuanian 0800 GMT 30 Nov 94

[FBIS Translated Text] Estonia, Lithuania, and Latvia are going to cooperate more closely in the military sphere and will aspire to accelerate the integration into the European military structures.

Aleksandr Einseln, Jonas Andriskevicius, and Juris Darbinis, the commanders of the military forces of the three Baltic states were holding a conference in Tallinn. They decided to set up a joint group that will coordinate their actions according to the NATO program Partnership for Peace. The group, which will be headed by the Estonian Chief of Staff Arvo Sirel, will hold its first meeting on 16-17 January of next year.

Commanders of the military forces of the Baltic states told the journalists that in spite of financial difficulties the process of training and maintenance of the Baltic peace-keeping battalion was proceeding without major problems. The servicemen of the Baltic countries will take part in the NATO maritime maneuvers, which will be held next summer.

An agreement was signed in Tallinn to set up a working group, which will prepare a common air space control system of the three Baltic states. The role of voluntary militarized organizations was also discussed.

Defense Forces Commander on Budget Cuts

LD2911165294 Tallinn Estonian Television Network in Estonian 1600 GMT 29 Nov 94

[FBIS Translated Excerpt] A working meeting of the Baltic defense forces commanders ended in Tallinn today. [passage omitted]

The defense forces commanders agreed in principle that a joint naval unit would take part in the naval maneuvers, Balt Op 1995, within the Partnership for Peace program, and both Latvian and Lithuanian naval forces are ready for this. Estonian participation is questionable, however, because funds are short.

[Begin Aleksander Einseln recording, commander of Estonian defense forces] I submitted an application for a budget, and all the funds for the Air Force and the Navy were cut, with not a cent left. But well, this is not the final budget as yet. The budget is currently under discussion at the Riigikogu and perhaps there will be some amendments made. But I must admit that to join NATO with the funds allocated to Estonian defense forces will remain just a dream until about the year 2000. [end recording]

Hijacking 'Accomplices' Handed Over to Russian Embassy

LD2911124994 Tallinn Radio Tallinn Network in Estonian 1200 GMT 29 Nov 94

[FBIS Translated Excerpt] Radzhalal Razhayev, born in Kyrgyzstan and now residing in Murmansk, and Vladimir Ignatovich, a resident of Syktyvkar, who had been kept in custody up until now as accomplices to the hijacking of a aircraft heading for St. Petersburg were taken to the Russian Embassy in Tallinn today. According to Priit Mannik, deputy director of the central investigation office, they will be released and documents necessary for their return to Russia will be issued. [passage omitted] According to what Mannik said, the suspects... [pauses] suspicions of them being accomplices in the hijacking have not been confirmed, and now they will be set free.

Vladimir Bozhko, who hijacked the plane, will be charged with hijacking within the next few days. His detailed statements about the incident confirm that he consciously hijacked the plane.

The Estonian Goverment will discuss today what position to adopt in respect of Vladimir Bozhko and whether to support his extradition to Russia. [passage omitted]

Russian Minister: Border Marked on Basis of Estonian Maps

WS3011121094 Tallinn ETA in English 1741 GMT 29 Nov 94

[FBIS Transcribed Text] Russian deputy minister of federal development and cooperation Nikolai Medvedjev stated that the unilateral border demarcation on Estonian-Russian control line was done according to maps that Estonian Government had presented to UN and Council of Europe when Estonia joined the organisations, Enn Leisson, the chairman of the control committee on fulfilling Estonian-Russian inter-state agreements told ETA on Tuesday [29 November].

Leisson returned from a visit to Moscow today where he met, besides Medvedjev, first deputy of Russia Interior Minister Mihhail Jegorov and representative of Russian president's administration Sergei Andrejev.

Leisson said that Medvedjev, during their meeting, had directed his attention to Estonian authorities protests against unilateral demarcation of Estonian-Russian border, saying that the demarcation was done exactly according to the maps that Estonia had presented of her territory when joining the UN and Council of Europe. Medvedjev also said that in the accompanying letters to the maps Estonia had stated that she had no territorial claims against her neighbours, Leisson added. Medvedjev had said that Russia demarcated, despite huge costs unilaterally the joint border of the two states. He said that a strong border was needed to fight the increasing crime in both countries.

Sergei Andrejev during his meeting with Leisson expressed hope in the name of Russian president that Estonian-Russian contacts, the summits among them, would continue and the meeting of Presidents Meri and Yeltsin in July did not remain a single meeting to achieve one aim, i.e. Russian troop withdrawal from Estonia.

Estonia Supports Chechen Right to Self-Determination

LD2911185994 Moscow INTERFAX in English 1621 GMT 29 Nov 94

[FBIS Transcribed Text] Estonia supports the right of the Chechen people to self-determination, Prime Minister Andres Tarand told Interfax Tuesday [29 November].

He said that Estonia could not influence the world politics to a great extent but "we were aided by the world public opinion in our own fight for independence."

Tarand explained that Estonia gave moral support to self-determination of the peoples, notably the Chechen people.

Environment Ministry Press Conference on Kiisa Affair

WS2911134294 Tallinn ETA in English 0919 GMT 29 Nov 94

[From 29 Nov POSTIMEES, EESTI SONUMID, p. 3, 4; "News Bulletin" No. 233/94]

[FBIS Transcribed Text] Kiisa affair showed clearly the need for a modern and well-guarded storage of radioactive materials in Estonia, Environment Ministry officials expressed their opinion at yesterday's press conference.

Environment Minister Vootele Hansen admitted that the storage building in Kiisa where the dangerously radioactive piece of metal was stolen, was not up to modern standards. The question of either building a new storing place or modernizing the old one needs to be resolved quite soon. He mentioned that the cost of the new building could be as high as tens of milliards of kroons.

The Head Specialist of the Institute of Meteorology and Hydrography Henno Putnik considered best the idea of storing the radioactive materials in Paldiski in future, as the area of the Paldiski nuclear reactors would be under a special guard for a long period anyway.

As the investigation of the Kiisa affair was still unconcluded the ministry specialists were not able to inform the journalist about the origins of the radioactive metal or of possible charges against any persons. It was stressed that a constant monitoring of the radiation level in the country should be organized, providing the information of any dangerous situations. In the Kiisa case the high radiation was local and did not cause pollution in the area.

Estonia would need international help, EESTI SONUMID considers. Maybe even an international investigation commission should be set up on the Kiisa case.

Soviet-Era Prime Minister Arrested for Giving Bribes

WS3011120894 Tallinn BNS in English 1658 GMT 29 Nov 94

[FBIS Transcribed Text] Tallinn, Nov 29, BNS—Estonian security police on Monday [28 November] arrested Indrek Toome, head of the country's last Soviet-era government, after he had given 30,000 kroons (USD2,400) in bribes to a security police official.

Toome, 51, wanted back the passports of three of what he called his "business friends." The passports had been earlier seized on suspicions that their owners had illegally obtained Estonian citizenship, the PAEVALEHT newspaper reports.

Aivar Ild, who together with Toome owns the company that bought one of Tallinn's two largest hotels earlier this year, told BNS on Tuesday Toome's version of the course of Mondays events was to be presented in a special statement to the press, due later in the day.

The Tallinn Administrative Court ordered Toome under arrest for 10 days. The former prime minister is currently being held at a police prison in Tallinn. He faces charges that could be settled with a fine or send him to prison for up to two years.

Security police while searching Toome's home later on Monday found a box of machinegun cartridges.

Chief of Police Investigation Department Priit Mannik said the security police, who currently are in charge of the investigation, within ten days had to hand Toome over to his department and lay formal charges against him.

The PAEVALEHT newspaper, quoting reliable sources, said Toome some weeks ago had called the security police official who was conducting investigations into the passports affair and offered to meet privately over the issue.

The official had informed his superiors.

The businessman turned former prime minister at a meeting with the security police official later suggested to "talk like a businessman to a businessman" and offered to pay 30,000 kroons if the passports were returned, PAEVALEHT says.

Other security police officials recorded and videotaped contacts between Toome and the official. Toome on Monday gave the official 30,000 kroons and received three Estonian passports in return. The passports were again seized in the presence of witnesses after Toome was arrested at 4 p.m. on Monday.

The newspaper said the passports belonged to a Russian businessman living in Tallinn, his wife and grown-up daughter, respectively. The man allegedly had faked data about the place of birth of his mother, thus obtaining

Estonian citizenship for the whole family. The man was said to be a client of a company which Toome co-owns.

Interior Minister Kaido Kama in his comments said he was glad that there still were honest state officials in Estonia who turned down bribes. The minister called the incident a "precedent that cleans the society and makes it more healthy."

The RAHVA HAAL newspaper said that in arresting Toome the country's police was launching a decisive battle against corruption.

Prime Minister Andres Tarand in his comments to BNS called Toome's alleged action regrettable, particularly as "Toome was considered to be the most pro-Estonian" in the country's former top Communist leadership." "This indicates that Estonia's moral rebirth is only possible with new people," Tarand said.

"The law is one for everybody and everybody will be punished according to law," the prime minister said.

Toome's business partner from Finland, Ilppo Kokkila, said he had always known Toome as a man of high morals. "Therefore it is very difficult for me to believe that such thing has happened," Kokkila, chairman of SRV Viitoset, said.

"If it really was like the Estonian press is presenting it, it was a very thoughtless step by Toome," the business partner said.

Kokkila said Toome's arrest was not to affect the SRV Group's business plans in Estonia, including the financing of the Viru Hotel.

Toome and Ild own the company Harmaron Ltd. which bought the Viru Hotel from the state under the privatization process in spring this year. The deal was financed by Kokkila's company.

Toome worked in the real estate company SRV Kinnisvara, partly owned by Kokkila.

Toome was the country's prime minister beween 1988 and 1990. He was member of the parliament when Estonia formally became independent from Moscow in 1991. His earlier career included positions as head of the local Communist party organization in the country's second largest town, Tartu, since 1978, and as the Soviet Republic's deputy prime minister in 1984-88.

Latvia

Draft Trade Agreement With PRC Approved

LD2911225894 Riga Radio Riga Network in Latvian 2100 GMT 29 Nov 94

[FBIS Translated Text] Among other agenda, the government today approved a draft treaty between the Republic of Latvia and the People's Republic of China on trade and economic cooperation, envisaging the introduction of most-favored status in the two countries' trading relations.

Finance Minister Comments on 1995 Budget Plan

WS3011122594 Tallinn BNS in English 1805 GMT 29 Nov 94

[FBIS Transcribed Text] Riga, Nov 29, BNS—The Latvian parliament will start to consider the 1995 draft budget plan this week, outlining the volumes of the basic budget, local budgets and special budgets, Finance Minister Andris Piebalgs told reporters Tuesday [29 November].

The planned income of the basic budget is 475 million lats and the expenses—515 million lats, thus, the maximally admissible budget deficit is 40 million lats.

Commenting on budget priorities, Piebalgs said that the largest specific weight of spendings is in the education sphere making up 21.1 percent of the totally planned expenditure, or 108.8 million lats.

In 1994, the budget allotted 83 million lats for educational needs.

The planned expenditure of the local governments leveling fund constitutes 12.6 percent of total spendings, 12.5 percent is earmarked for health care, 11.4 percent for law enforcement, 9.1 for economy, 7.5 percent for welfare allowances, 7.1 percent for state administration, 5.5 percent of state internal obligations, and 4.6 percent for security and defense.

The wage fund is increased 30.1 percent in the new budget plan compared to the 1994 budget, said Piebalgs.

Speaking on state income, Piebalgs said the largest revenues are planned from the sales tax and excise tax collection. In addition, part of alcohol and tobacco excise income will be channeled to finance health care.

The 1995 state budget will not include the Bank of Latvia's profit remainder, which was 7.9 million lats this year.

Regarding local budgets, the Finance Ministry took into account the municipal income leveling mechanism that was created by the State Reform Ministry and the Latvian Local Governments Association.

Consequently, city budgets will receive 100 percent of residents' income tax payments, rural district budgets will receive 85 percent of the sum, while regional budgets will have to put up with 15 percent.

Seventeen local governments of cities, including Riga, Ventspils, Liepaja, will transfer resources to the local governments leveling fund. The deductions, however, should not exceed 45 percent of residents' income tax money. The other local governments will receive state budget subsidies. The total income of local governments is planned at 150 million lats. The additional state budget subsidies are projected at 62.7 million lats.

The special budget plan includes the social budget, the privatization fund, the state property fund, the forestry fund and the roads fund. The social budget, which is one of the most important special budgets, is planned at 269 million lats in 1995. This budget will include social tax payments and state budget subsidies and spend its resources to pay allowances, pensions and the state social insurance fund.

The 1995 budget plan was drafted in compliance with the existent tax legislation but the adoption of the package of new taxation laws will cause little changes in it, said Piebalgs. Piebalgs said he hoped that the parliament would pass the draft budget plan already this year.

News Conference on Budget

LD2911230694 Riga Radio Riga Network in Latvian 2100 GMT 29 Nov 94

[FBIS Translated Text] [Announcer] The government session on Tuesday [29 November] approved the draft state budget for 1995. The revenue part of the budget is 475 million lats; the expenditure part is 515 million. The maximum permissible budget deficit is set at 40 million lats. Minister of Finance Andris Piebalgs at a news conference on Tuesday spoke about next year's state budget:

[Begin Piebalgs recording] The overall state budget consists of three part; the first concerns local government budgets. Of course, with the Association of Local Authorities, we had differences of opinion too, as is known.

Firstly, about what we actually agreed on: The prognoses of both the Association of Local Authorities and the Ministry of Finance are very close about these revenues next year: 150 million lats. The Ministry of Finance is offering to transfer a state subsidy of 62.7 million lats to the local government compensation fund, which corresponds to the overall growth in the budget that we have for next year, and even a bit more. The Local Government Association requested 296.6 million lats, although differences of opinion remained here too; however, the Association understands that at the moment such a sum, intended for direct subsidies, is simply not possible for us. A scheme for compensation has been worked out, intended either as grants or to be transferred as appropriate to the local government compensation fund from several local authorities.

The transfer to the local government budget compensation fund must not be greater than 45 percent of the income tax recoverable from the authority's residents. For 17 local authorities a percentage of income tax from residents is simply to be transferred to the compensation fund, and all the rest get corresponding subsidies.

The second part is special budgets. The biggest of these special budgets are the social budget - 269 million lats; and correspondingly there are the Privatization fund, the State Property Fund, the Forestry Fund, the Road Fund, but these are also shown as special budgets, and they are serviced by the state treasury, but, as I repeat again, these special budgets have their indicated revenues and indicated expenditures. So here the Saeima can decide on them in the framework of this budget, but they cannot be transferred from this budget to another budget.

What were the priorities among the spheres, corresponding to the average increase in expenditure? The defense and security institutions, the institutions of state power, the institutions of state administration, health protection, education, maintenance of law, science; that's all in fact. And (?it is all received from) the budget, the state's internal obligations, that is, to service the country's national debt, which is 5.5 percent of the budget. Since special attention has been paid recently to wages, I would like to say that with the budget growing by (?23.8) per cent, the wage fund has grown by 30.1 per cent. (?Now as regards) income, the biggest emphasis is on turnover tax, so that in 1994 it made up [number indistinct] of the budget, it is now (?52.9). The other tax revenues are growing much more slowly than turnover tax. [passage indistinct] [end recording]

Committee Passes Security Police Budget for 1995

WS2911105494 Tallinn BNS in English 1815 GMT 28 Nov 94

[FBIS Transcribed Text] Riga, Nov 28, BNS—The Latvian Saeima (parliament) National Security Committee approved Monday [28 November] the 1995 budget plan of security police and Home Guard information service. Latvia's secret services will spend around 3 million lats next year, according to the draft budget.

The committee faced problems with consideration of the Defense Ministry counterintelligence service budget because Minister Janis Trapans doubted the purposefullness of the budget consideration at the committee, said committee Chairman Andrejs Pantelejevs.

Under the law, the only control over secret services is confirmation of their budgets and control of the use of budget resources, said Pantelejevs.

Lithuania

Landsbergis Asked To Mediate Russian-Chechen Conflict

LD2911225594 Vilnius Radio Vilnius International Service in Lithuanian 2200 GMT 29 Nov 94

[FBIS Translated Excerpt] Vytautas Landsbergis, the leader of the Seimas rightist opposition, received a telegram today from Chechen Parliament Chairman Akhyad Idigov. He asked Vytautas Landsbergis to agree to be a mediator in the Russian-Chechen conflict. Because of this conflict many people are perishing and the danger of war is arising,

Vytautas Landsbergis accepted this proposal, ELTA reports. [passage omitted]

Sea Border 'Compromise' With Latvia Confirmed

WS3011121394 Tallinn BNS in English 1658 GMT 29 Nov 94

[FBIS Transcribed Text] Vilnius, Nov 29, BNS—Lithuanian Prime Minister Adolfas Slezevicius confirmed that an agreement on sea border between Lithuania and Latvia was reached during his meeting last Friday [25 November] with Latvian Prime Minister Maris Gailis.

At a press conference in Vilnius Tuesday, Slezevicius called the agreement "compromise," but refused to reveal its essence, saying the sides had agreed not to announce any information while talks with Russia are in progress.

Slezevicius said it was important to show the world that two neighboring Baltic countries are able to agree, and he says this is more important than "1 or 2 km in the sea 100 km from the shore." There had to be will from both sides to resolve the problem, he added.

The Lithuanian premier noted, however, that the opinion of parliamentary factions will be taken into consideration and no hasty decisions will be made.

Referring to criticism expressed by opposition leader Vytautas Landsbergis, the prime minister said superpatriotism should be separated from sensible politics. Slezevicius said he cannot deny Landsbergis' statements because the opposition leader does not have any official information.

Landsbergis alleged Monday that the agreement between premiers limited the boundary between Lithuanian and Swedish economic zones to one nautical mile.

Slezevicius, Matochkin Discuss Border, Transit, Trade

WS3011121794 Tallinn BNS in English 1805 GMT 29 Nov 94

[FBIS Transcribed Text] Vilnius, Nov 29, BNS—Lithuanian Prime Minister Adolfas Slezevicius and the head of the Kaliningrad region's administration, Yuri Matochkin, agreed that experts would meet Saturday to discuss border crossing procedures, the rules of escorting transit cargos and other issues related to Russian transit through Lithuania.

Slezevicius and Matochkin met in Vilnius Monday [28 November]. The talks focused on transit, borders and trade, the Lithuanian premier told reporters Tuesday. "Matochkin has been given quite big authorizations by Russian Prime Minster Viktor Chernomyrdin," he said. Referring to the meeting, the Lithuanian premier said he reminded Matochkin that Russia's economic pressure is a disadvantage not only to Lithuania, but to Russia, as well. On the other hand, he said, smaller trade volumes make Lithuania less dependent on Russia, "and such is our aspiration."

As an example, Slezevicius indicated that Lithuania intends to import light oil products through the Klaipeda port and to build a high voltage line to import Western electricity via Poland.

Asked whether Lithuania should continue talks with Russia and Kaliningrad until the Lithuanian-Russian agreements signed earlier take effect, Slezevicius said Lithuania should not stop the negotiating process. "We must use even the slightest opportunity to agree with all of our neighbors."

Minister Discusses Russian Trade, Kaliningrad

WS2911151794 Kaliningrad SVOBODNAYA ZONA in Russian 17 Nov 94 p 2

["Exclusive" interview with Industry and Trade Minister Kazimieras Klimasauskas by Irina Shevchenko; place and date not given: "Kazimieras Klimasauskas: 'The Goal Is One—To Increase Economic Potential'"]

[FBIS Translated Text] Russia and Lithuania have traditionally had good-neighborly relations, as confirmed by the diverse and close ties in economics and culture, as well as in many other areas. As a result of the collapse of the Soviet Union—a state system that existed until just recently—many contacts were disrupted. However, a need to restore and expand them has currently become obvious to both Lithuania and Russia, and in particular, Kaliningrad Oblast.

A SVOBODNAYA ZONA correspondent devoted his meeting with Kazimieras Klimasauskas, minister of trade and industry of the Republic of Lithuania, to the state of affairs in our cooperation and prospects for its development.

[Shevchenko] Mr. Minister, what effect has the disruption of the former ties between our two states had?

[Klimasauskas] It primarily affected our relations. Whereas in the past our trade with Russia represented two thirds of the total volume of our trade, that is 60 percent, in the third quarter of 1994 it merely amounted to one third of our total trade turnover, that is 33 percent. You must agree that these figures are very revealing. Germany now comes in second, and is followed by Latvia, Poland, and the Netherlands. Belarus and Ukraine, which once followed Russia in second and third places respectively, are now in sixth and seventh.

Our exports to Russia has decreased 2.5-fold, and this is particularly evident in light industry: Whereas it totalled $20.7 million in the second quarter of 1993, in the corresponding period of this year it amounted to a mere

$9.6 million. The situation with our export of light industrial products to Europe is quite different: In the second quarter of 1993 it amounted to $7.2 million, and in the second quarter of 1994 it was almost $22 million. The complications concerning our trade and economic relations with Russia are forcing us to become oriented toward Western markets. We are expecting a 10- or 15-percent increase in our foreign trade in 1994. Last year it amounted to $3.9 billion. Our exports are continuing to increase, and we predict that they should reach $4 billion in 1994.

[Shevchenko] Is Lithuania interested in business cooperation with Russia and, in particular, our oblast?

[Klimasauskas] Actually, our relations with Kaliningrad Oblast have not been disrupted. I stand for the development of joint venture companies on your territory, since I consider this the beginning of integration that cannot be hampered by any borders. Kaliningrad Oblast's trade with our country has reached $1.618 million this year, which is 4.1 times higher than last year's figure. Construction materials represent a significant portion of Lithuanian exports, and over 40 Lithuanian construction companies are currently operating in the city of Kaliningrad alone. In our opinion, joint ventures in other industrial branches also have great prospects.

There are no doubts that only through economic ties will we be able to overcome the complex economic situation which has developed in our countries.

We welcome the decision by the leadership of the Kaliningrad Oblast Administration to draft a program for cooperation between Kaliningrad Oblast and the Lithuanian Republic, and to develop mechanisms for organizational and economic cooperation.

Such a program may become an efficient means, if it is drafted in cooperation with the Lithuanian side.

Prime Minister Slezevicius on EU, U.S. Talks

LD2911165994

[FBIS Editorial Report] Vilnius Radio Vilnius Network in Lithuanian at 1420 GMT on 29 November carries a report by Zenonas Miksys from the prime minister's news conference. Miksys reports that the conference started with the issue of Lithuania's relations with the European Union. Prime Minister Slezevicius says:

"The European Union has been given a mandate for negotiations with Lithuania, Latvia, and Estonia on drafting the treaty on associated membership. This is no doubt one of the most important events in our relations with the European Union and we are very glad that the dialogue is proceeding according to the schedule that was set up. A visit to Brussels, the headquarters of NATO, by our delegation in order to achieve final coordination of the Partnership for Peace program is also of great importance.

"It was emphasised during the talks with Secretary of State Warren Christopher and his deputy, Strobe Talbott, that in rendering assistance to the Baltic peacekeeping unit which is to start as of the beginning of January next year, it is of great importance that after signing the treaty on Partnership for Peace, Lithuania and other neighboring countries should not forget their obligations and give support with a concrete program."

The prime minister also spoke about his visit to the United States. Slezevicius says:

"It was very important for us to hear the point of view of the U.S. Administration and government officials on the main three issues of our foreign policy. Those are: the problem of military transit, the economic policy pursued by Russia toward the Baltic states, and policy toward NATO. The stance of Lithuania as well as other neighboring states on the above issues was given unreserved support, which no doubt gives us much hope. These issues will be discussed and resolved positively at the summit, which is to take place in December."

The prime minister also spoke about the possible credits from American banks to Lithuanian private enterprises.

Talking about his meeting with Latvian Prime Minister Maris Gailis, he said that the main issue under discussion was the maritime border deliniation. With Polish Prime Minister Pawlak, he discussed the project of the Via Baltica motorway, the construction of a railway of European standard, and of high tension power supply lines.

Asked by journalists about his meeting with the leader of the Kaliningrad region, Marochkin, Slezevicius said that they discussed supplies to the Kaliningrad region, transit, and other issues connected with it.

Lines Extend Several Kilometers at Border With Poland

WS2911150994 Tallinn BNS in English 1300 GMT 29 Nov 94

[FBIS Transcribed Text] Vilnius, Nov 29, BNS—Tensions began mounting as the line of vehicles extended to several kilometers over the past several days at the Lazdijai border post in Lithuania. Around 100 trucks and 200 cars were reported waiting to cross the Lithuanian-Polish border Monday [28 November] before noon.

Around 90 trucks and 150 to 200 cars are allowed to pass through a day, meaning that those waiting at the end of the line would have to wait for at least 24 hours to cross the border.

Lithuanian customs officials blame the disorder on the Polish side, which they say introduced new work rules about a week ago. Lithuanian officials said the Poles allow vehicles to enter their zone from only one line, although there are four, and only during daytime.

Lithuanian customs officials began redirecting trucks to the Kalvarijos post, about 50 kilometers from Lazdijai. No lines were reported at Kalvarijos Monday, however the post accepts only cargo transport.

Lazdijai officials said serious conflicts have been avoided, except an incident Saturday, when angry truck drivers blocked off traffic on the Polish side of the post. The protest ended when police interfered.

The are no lines to enter Lithuania from Poland.

Lithuanian customs officials claim they are unable to convince their Polish colleagues to change the new rules and say the misunderstanding should be settled on government level.

BULK RATE
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